


 CHAPTER **06** SOCIAL CONTRIBUTION OF CLUBS
TERM OF REFERENCE:

The contribution of gambling revenue on community development activity and employment

PC: What are the impacts of gambling on social capital, and what might this imply for the regulation and taxation of the gambling industries?

Clubs, in their entirety and by virtue of their very existence, provide social benefit. In an era of increasing social isolation, the internet, home theatre and ‘gated’ communities, the Club Movement stands out as one of the few institutions that encourages, facilitates and nurtures community connectedness.

There are many tangible elements to club operations and social contribution that are relatively easy to identify and value using traditional economic and accounting frameworks. However, the true nature of the social contribution made by clubs and its value is misunderstood – even by clubs and their members. In large part this is due to the fact that the concepts of social and community contribution are relatively new and have not been the subject of empirical research and analysis in the public policy context.

6.1 IPART'S ANALYSIS OF THE SOCIAL CONTRIBUTION OF CLUBS

In 2008, the NSW Independent Pricing and Regulatory Tribunal (IPART) examined the contributions the registered clubs industry makes to social infrastructure and services, and to employment and economic opportunities in NSW. In recognition of the fact that other industries provide similar services and generate similar economic opportunities to the clubs industry, and the fact that registered clubs impose some costs on the community, IPART considered the broader question of whether the clubs industry makes a net positive social contribution that justifies it receiving government support.

IPART also examined the available evidence on the social costs that the clubs industry imposes on the community. It found that the rates of problem gambling and per capita expenditure on gambling in NSW are slightly higher but still comparable with the rates in other States where clubs operate significantly fewer gaming machines. It also found that clubs do not affect the total amount of gambling in NSW, but may influence the form of gambling and where it occurs.

Importantly, on balance, IPART concluded that the registered clubs industry’s net social contribution is positive and on this basis considered it appropriate for the Government to provide support to the industry, to help ensure the industry’s financial viability so that clubs can continue to contribute to positive social outcomes in the State.²⁴²

242. Independent Pricing and Regulatory Tribunal of NSW, *Review of the Registered Clubs Industry in NSW*, Final Report, June 2008, p.41

6.2 CLASSIFYING NATURE AND BENEFICIARIES OF CLUB'S SOCIAL CONTRIBUTIONS

IPART determined that the social contributions clubs make can be divided into three categories:

1. In-house contributions for the club's primary purpose

These contributions are for the exclusive benefit of club members and their guests, and relate to achieving the club's primary purpose. Examples include a bowling club's provision of bowling greens, and a golf club's provision of a golf course. While members may be charged to use these facilities, the charge is usually less than the commercial rate.

2. In-house contributions for general member benefit

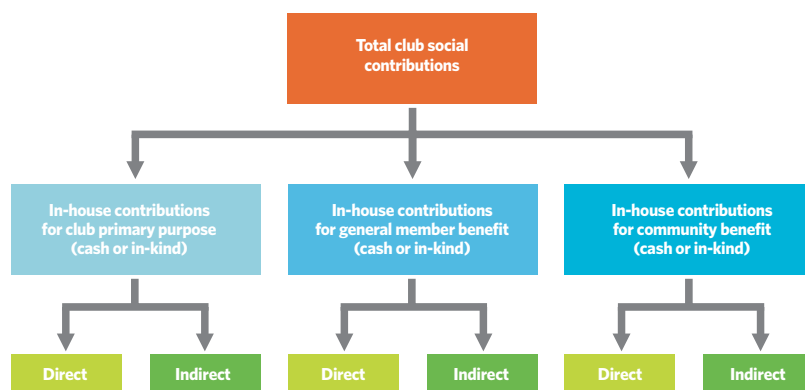
These contributions are also for the exclusive benefit of club members and their guests, but they do not relate to the club's primary purpose. Examples include restaurants, bars, gaming machines, pool tables, professional entertainment, function rooms, opportunities for social interaction, and a sense of belonging. Again, members may have to pay to use these services and facilities, but generally pay less than a commercial rate.

3. External contributions for community benefit

These contributions benefit the wider local community within which the club is located. They can include support for community groups, such as sporting teams, schools, charities and welfare groups.²⁴³

IPART has illustrated these categories, as shown in Figure 6.1.

Figure 6.1: Categorisation of registered clubs' social contributions



The contributions in each category can be either a direct contribution or an indirect contribution.

Direct contributions are the result of direct action by a club. For example, the provision of a cash grant is an example of direct external contribution for community benefit. The provision of discounted meals is a direct in-house contribution for general member benefit.

Indirect contributions are a by-product of the existence of the club, its facilities and its actions. Indirect contributions are generally intangible benefits. For example, the improved fitness levels that members of a golf club might achieve as a result of playing golf at the club are an example of an indirect in-house contribution for the club's primary purpose. The sense of belonging club members might feel is an indirect in-house contribution for general member benefit. The greater social cohesion a community might experience as a result of having a club where people can meet and socialise is an indirect external contribution for community benefit. Some of these benefits (such as fitness benefits) are essentially private in that they accrue to the individual and not the broader community.

Additionally, the contributions in each category can be either cash or in-kind contributions. For example, clubs might provide cash grants to members or subcommittees to fund sporting activities or sub-clubs. They might also provide cash grants to local schools or sports teams. Alternatively, they can provide in-kind support, such as access to club-owned sports, meeting and function facilities, at no charge or a subsidised rate. Other examples of in-kind support include the provision of:

- capital equipment (and maintenance) for sporting and other club-related activities
- club employees to staff activities and functions
- transport
- food and beverages (where these are not associated with the promotion of trade).

IPART went on to develop a methodology for identifying and recording the value of the registered clubs industry's social contributions, specifically its provision of social infrastructure and services. Using this methodology (included at Appendix G), IPART valued clubs' direct social contributions in 2007 at \$811 million.²⁴⁴

This estimate included the value of cash donations, in-kind provision of sporting and community facilities, and volunteer labour. It did not include the indirect contributions made by clubs (such as the sense of community well-being generated by their existence). Under IPART's methodology, indirect contributions are identified and recorded qualitatively rather than quantitatively. This makes the dollar valuation conservative.

Extrapolating the \$811 million NSW valuation nationally, using total club revenue as an approximate scaling device, ClubsAustralia estimates a direct social contribution of \$1.2 billion annually.

This does not incorporate the indirect social contributions made by clubs that are difficult to quantify, but are real. The nature of indirect, or intangible, social contributions made by clubs are explored later in the submission.

6.3 WHAT IS SOCIAL CAPITAL?

In assessing the impacts of gambling on social capital, it is important to consider the nature of social capital itself, and the many and varied ways in which club gambling allows clubs to help build and maintain their communities.

Led by researchers such as American Robert Putnam, social planners and commentators are increasingly pointing to signs of eroding 'social capital'. Simply defined, social capital represents the institutional and non-institutional arrangements and relationships that connect people as communities. The core idea of social capital theory is that social networks have value.²⁴⁵

244. Ibid, p.68

245. Putnam, Robert, "Bowling Alone: America's Declining Social Capital", *Journal of Democracy*, Volume 6, Issue 1, January 1995, p. 19

Australian researchers such as Mark Lyons support Putnam's work. Commenting on the productive role of people's engagement in organisations such as choral societies and bowling clubs, Lyons writes:

*They help to reproduce the norms of trust and reciprocity on which an effective market economy and a well functioning democracy relies.*²⁴⁶

Putnam's central thesis is that during the past few decades, society has seen a dramatic and disconcerting collapse in social capital as evidenced by reduced levels of church attendance, volunteering and other forms of charitable/community participation (such as Rotary, Lions and Meals on Wheels). Consistent with such trends, the Australian Bureau of Statistics' Time Use Survey found that from 1992 to 1997 there was a marked decline in Australians' involvement in formal and informal sport.²⁴⁷ The participation rate of men fell from 12 to 9 per cent and of women from 5 to 4 per cent, while participation rates for those aged 15–24 dropped by over a quarter from 18 to 13 per cent.

While research into social capital is still in a relatively early phase (although there has been some recent work by the Productivity Commission²⁴⁸ which recommended that Governments should at least consider the scope for modifying policies that are found to damage social capital, and ways of harnessing existing social capital to deliver programs more effectively) the findings so far have consistently identified club membership and volunteerism as among the most important contributors to community connectedness and the formation of social capital.

6.4 CLUBS CONTRIBUTION TO SOCIAL CAPITAL

6.4.1 GAMING REVENUE AND 'COMPULSORY' COMMUNITY SUPPORT

The first way of assessing clubs' contribution is to look at government-directed schemes. In several jurisdictions clubs are required or strongly encouraged by law to allocate a certain percentage of gaming machine revenue to community development or charitable causes.

Government-mandated/sponsored schemes linked to gaming revenue are an obvious, tangible and quantifiable example of clubs' contributions to social capital.

However, these schemes are, in the view of ClubsAustralia, a relatively small part of the overall social contribution clubs make. It does enable the industry and community to value, to an extent, the physical, cash and in kind contributions made by clubs – usually the larger ones. However, it overlooks other significant contributions.

For example in NSW, CDSE (see below) only applies to clubs with annual gaming revenue over \$1 million, and does not account for these larger clubs' broader contribution (both unreported support and less tangible contributions), or any of the contributions of the other 1,000 or so clubs in the State.

The challenge associated with valuing the entire social contribution of clubs is discussed later in the response. At this point, however, it is possible to identify the more tangible aspects of clubs' social contribution.

246. Lyons, Mark, "Non-profit organisations, social capital and social policy in Australia" in Ian Winter, *Social Capital and Public Policy in Australia*, 2000, pp. 168-9

247. Australian Bureau of Statistics, 4153.0, *How Australians Use Their Time*, 1997

248. Productivity Commission of Australia, *Social Capital: Reviewing the Concept and its Policy Implications*, Commission Research Paper, AusInfo, Canberra, 2003

(A) NEW SOUTH WALES

In NSW, clubs with gaming machine revenue of \$1 million or more per year are required to allocate 1.5 per cent of that revenue to community groups and charities in their local area, through the Community Development and Support Expenditure (CDSE) scheme. At least 0.75 per cent must be allocated to 'Category 1' projects, which meet strict criteria set by the Office of Liquor and Gaming, while the remainder may be allocated to either Category 1 or Category 2, which includes amateur sporting activities.

If clubs do not allocate the 1.5 per cent according to the CDSE Guidelines they are required to pay the balance in additional gaming tax.

The funding is generally allocated through local committees, developed on the basis of local government area, where Council, a representative of the local community sector, and a representative from the Department of Community Services provide advice on appropriate local priorities for funding, and the extent to which funding applicants meet these priorities.

In 2007/08, NSW clubs allocated \$58.7 million through the scheme. This was \$22.7 million in excess of the required amount.

The following list outlines just some of the projects funded through the scheme:

- Tweed Heads Bowls Club contributed \$6,000 funding to the Tweed Heads Police Service to help educate the general public on alcohol abuse, domestic violence, and theft. The funding will allow the Community Crime Prevention Officer to lease a car to travel around the Tweed area, educating the community on these issues.
- Liverpool Catholic Club contributed \$15,000 to Macarthur Community College for the development of a program to help unemployed people in Liverpool. The funding will go towards the Get-a-Job program for unemployed people in the community who want to update their skills and return to the workforce.
- Ashfield Catholic and Community Club contributed \$12,000 to local community projects in 2004 which included Inner West Neighbourhood Aid, Berne Education Centre, and SHARE at Summer Hill.
- Nine clubs from the Gosford area have contributed \$78,393 to 16 local projects including the Umina Beach PCYC, Beachside Family Centre and Camp Quality.
- Thirty-three clubs in Newcastle presented more than \$670,000 to 100 community organisations and charities such as Newcastle Alzheimer's Network, Glencare Special Needs Association and Maycare Community Centre.
- Smithfield RSL Club contributed \$10,000 towards specialised electric high-low adjustable beds at Braeside Hospital in Fairfield.
- The Maitland Local Committee consisting of Maitland City Bowling Club, East Maitland Bowling Club, Maitland District Leagues Club and Telarah Bowling Club contributed \$100,000 to local charities in 2005.
- Singleton Returned Servicemen's Club contributed \$53,000 to local community groups including St Patrick's Parish Playground, Singleton Scouts, Singleton Youth Centre, Singleton Heights Public School and Mercy Nursing Home.
- Over the years, clubs in the Penrith LGA have funded projects as diverse as women's health centres, a music therapy organisation, a seniors computing club, theatre companies, a chronic pain support association, youth and disability services.
- In 2004, nine Bankstown clubs contributed \$237,521 to local charities including Bankstown Community Resource Group, Coolaburoo Neighbourhood Centre, Bankstown Youth Development Services and Bankstown Aboriginal Corporation.
- Canterbury-Hurlstone Park RSL Club contributed \$25,648 to Canterbury Council's Youth Service to employ a full-time youth development officer for 12 months.
- East Cessnock Bowling Club has contributed \$5,000 to Cessnock PCYC for its youth programs, including Anger Management Programs for youth who are refereed by local Police for aggressive behaviour.

- Local clubs in Dubbo contributed \$2,500 to the Dubbo Neighbourhood Centre for the development of a resource database of services available to the local business sector and \$5,500 towards the purchase of motorised beds for disabled residents.
- In 2007, Mounties contributed \$21,000 to the Spastic Centre allowing for the creation of a 'Mobility Equipment Loan' program, which gives young children a chance to stand and walk, some for the first time. In the past Mounties has contributed \$32,000 to Drug ARM, which will train more than 30 volunteers to help people with drug and alcohol problems as well as homeless youth.
- Wests Leagues Club contributed \$20,000 to Project Parkinson's, a non-profit group committed to improving the quality of life for people affected by the disease.
- Parkes RSL has for many years supported Meals on Wheels, providing up to 60 meals daily to the frail, aged and disabled. This valuable community service not only maintains the health of the recipients and prevents unnecessary institutionalisation but ensures daily communication is made with a vulnerable group in the community. The club claims this service as Category 1 in kind expenditure under the CDSE scheme, constituting over 80 per cent of its total CDSE expenditure. Effectively, the club provides approximately \$37,000 in, in kind support annually so the service can continue to operate.

(B) VICTORIA

Clubs in Victoria returned to the community more than \$33 million in gifts, sponsorships, voluntary services and subsidised activities in the financial year ending 2007. Victorian clubs are required to submit annual audited Community Benefit Statements to the Victorian Commission for Gambling Regulation, detailing their social support, sponsorships and other community donations made for the previous financial year.

The club must justify contributions of at least 8.33 per cent of net gaming revenue as community benefits, or will they be subjected to the same (higher) gaming tax rate paid by hotels. The Victorian Commission for Gambling Regulation says it received Certified Community Benefit Statements from clubs made up as follows:

- Gifts of funds \$4,258,182.
- Sponsorships \$2,283,579.
- Gifts of goods to the community \$973,106.
- Voluntary services provided to the community \$15,762,440.
- Volunteer expenses \$511,373.
- Activities subsidised \$9,519,645.

A survey of Victorian clubs conducted by ClubsVIC²⁴⁹ indicates that:

- 50 per cent support Rotary.
- 45 per cent support Lions.
- 28 per cent support kindergartens.
- 20 per cent support drought relief.
- 19 per cent support bushfire relief.
- 17 per cent support Apex.
- 16 per cent support community events.
- 16 per cent support flood relief.
- 15 per cent support visits to clubs by nursing homes.
- 11 per cent support community building projects.
- 7 per cent support Meals on Wheels.
- 77 per cent support other charities and activities not listed.

(C) AUSTRALIAN CAPITAL TERRITORY

Clubs in the ACT are required to contribute 7 per cent of gaming revenues to the local community. In 2007/08 they provided a total of \$14.6 million in cash and in-kind support to over 1,000 groups, up 14 per cent from the previous year when they gave \$12.8 million.

This was more than double the \$7 million required under the legislation, bringing the total contribution to eligible community recipients over the last decade to over \$130 million. It should also be noted that hotels and taverns in the ACT only provided roughly the same as their statutory requirement.²⁵⁰ Likewise:

- The Ainslie Football and Social Club Group has always contributed well above the statutory requirement. In 2008 the club contributed \$2,596,510 to the community – more than three and a half times the statutory requirement of \$722,597,²⁵¹ and in 2007 these amounts were \$1,388,505 versus \$792,932,²⁵² representing an increase of over \$1.2 million in just one year.²⁵³
- The Canberra Southern Cross Club has committed to provide at least 20 per cent of its net profit as community assistance additional to that required by legislation. Last year the club's community contribution was almost \$1.4 million, compared to a legislative requirement of \$874,000.^{254 255}

Clubs in the ACT estimate they will spend another \$189 million over the next three years on club facilities and sporting organisations. The majority of cash contributions from clubs in the ACT are for sport and recreation activities. Large clubs provide more support for non-profit and charitable and social welfare activities and less support for sport and recreation than medium and small clubs.²⁵⁶

In the past five years clubs have also agreed to pool contributions from a group of clubs, to provide significant financial support to a number of very worthy local organisations which service the Canberra community. Current examples of this include:

- the Community Partnership with The Spastic Centre of the ACT – which was renewed in October 2007 – and now involves 15 clubs – which has succeeded in having the services located in the ACT at Spence – at a cost of \$120,000 per year for the next three years;
- a partnership with Camp Quality at a cost of \$50,000 a year for two years – this initiative involves 14 clubs; and,
- a number of fundraising and charity events throughout the year – including the ClubsACT Charity Golf Classic, which raises funds for a nominated charity – recent recipients have included Galilee, Ted Noffs Foundation, Koomarri, AFFIRM (mental health research), the ACT Branch of the National Breast Cancer Foundation and, most recently, 'Movember'.

The ACT Government also collects \$36 million in gaming taxes from clubs, and this money is then used to support community infrastructure, including roads, hospitals and schools.

250. ACT Gambling and Racing Commission, "Community Contributions made by Gaming Machine Licensees, 1 July 2007 to 30 June 2008," October 2008, pp. 20, 21, accessed 20 March 2009 at:

<http://www.gamblingandracing.act.gov.au/Documents/Community%20Contributions%20Report%202007-08.pdf>

251. ACT Gambling and Racing Commission, "Community Contributions made by Gaming Machine Licensees, 1 July 2007 to 30 June 2008," October 2008, pp. 20, 21, accessed 20 March 2009 at:

<http://www.gamblingandracing.act.gov.au/Documents/Community%20Contributions%20Report%202007-08.pdf>

252. ACT Gambling and Racing Commission, "Community Contributions made by Gaming Machine Licensees, 1 July 2006 to 30 June 2007," October 2007, pp.19, 20, accessed 20 March 2009 at:

<http://www.gamblingandracing.act.gov.au/Documents/CCMinisterial%20Report%2006-07.pdf>

253. ClubsACT, Unpublished Case Study, "Ainslie Football and Social Club", March 2009 – see Appendix D

254. ACT Gambling and Racing Commission, "Community Contributions made by Gaming Machine Licensees, 1 July 2006 to 30 June 2007," October 2007, pp.19, 20, accessed 20 March 2009 at:

<http://www.gamblingandracing.act.gov.au/Documents/CCMinisterial%20Report%2006-07.pdf>

255. ClubsACT, Unpublished Case Study, "Canberra Southern Cross Club", March 2009 – see Appendix E

256. The Allen Consulting Group, *Socio-Economic Impact Study of Clubs in the Australian Capital Territory*, March 2008

As the ACT Minister for Sport said in November 2007:

*'It is important to know that the [ACT] club industry takes its responsibility very seriously. Through the provision of social facilities and community contributions, its contribution to the community is a valuable and critical part of our community infrastructure. Without the revenue from gaming machines it would not be possible for all of these community facilities to be made available. I conclude by saying that the club industry provides a valuable role and a critical role in our society by providing essential community facilities that would otherwise not exist.'*²⁵⁷

(D) TASMANIA

Four per cent of hotel and club gaming machine revenues in Tasmania are put into a community service levy.²⁵⁸

6.4.2 NON-COMPULSORY SUPPORT

The vast bulk of clubs' social contributions are made outside mandated programs and reflect the long-term commitment clubs have to their communities. For example, the comments from representatives of community service organisations below highlight how local clubs in NSW contribute in their communities both through CDSE and in other valuable ways:

*We run intellectually disabled services from Armidale in the north, to Gunnedah to Wollongong in the south and in every area we operate the club is the main area of focus point for having meetings, holding conventions, getting together. Getting our guys involved in a social fabric. Every one of those clubs welcomes our people in – meetings, dinners, other activities, which we couldn't do without the clubs – over and above that, each one of those clubs contributes through CDSE. So, although we've got some government funding that doesn't go to providing the nice things in life, in each of the houses, for instance, that comes from the local club. We've had staff come over from the local club to help with the houses, renovating, plus the CDSE grant. So there's a whole range of activity from funding support, to staff involvement. We couldn't do it without them.*²⁵⁹

*There is also a lot of in-kind support. They very often lend their meeting rooms out to committees as well as lots of little tiny things – borrowing their mower, assisting them with using the local minibus to go to an event. It varies – there are lots of little ways that the local club can help out.*²⁶⁰

The social value of the role clubs played as a meeting point during recent disaster relief efforts in the Newcastle and Helensburgh regions of NSW in 2007 was also captured by a comment during the Community Focus Group conducted by Ucomm:

*I think the other interesting thing is that when I was reading a paper the other day about the flooding in Maitland, where did they evacuate to? They evacuated to the club ... So for us, when the fires were going through Helensburgh back in 2001, where did they evacuate to? Six hundred people lived in our club for a week. Pets were in the next door neighbours' houses and kids swam in the neighbours' pools. How you translate out of that into Government dollars, we are part of the SES plan for our shire, as I'm sure a hell of a lot of other clubs are.*²⁶¹

257. The Hon Andrew Barr MP, Minister for Sport, speaking in Parliament of the Australian Capital Territory, Legislative Assembly Hansard, November 2007

258. Centre for Independent Economics, *Gambling with policy: The economic contribution of gaming machines to the Australian economy*, January 2009

259. Ucomm, *Community Organisations Focus Group Report*, commissioned by ClubsNSW, July 2007, p.78

260. Ucomm, *Community Organisations Focus Group Report*, commissioned by ClubsNSW, July 2007, p. 15

261. Ucomm, *Managers Focus Group Report*, commissioned by ClubsNSW, July 2007, p. 11

Given that clubs are not required to systematically measure their social contribution outside of any mandated funding that applies (and some States and/or clubs do not qualify for such requirements – in NSW, no formal measurement is undertaken at all for the 1,000 clubs with annual gaming revenue below \$1 million), there is a need to improve our understanding of the nature of these community contributions. In this way, clubs will be able to improve the effectiveness of the cash and in-kind support they provide.

It is an unfortunate aspect of public policy-making that activities that cannot be measured and are not reported upon can be ignored when the costs and benefits of policy shifts are being assessed.

(A) THE NATURE OF CLUBS' NON-MANDATORY SUPPORT

The following list, indicates the many and varied areas in which clubs provide cash and in-kind support to the community:

Health and welfare

- Funding for hospitals;
- Funding for early childhood, palliative, women's and Aboriginal and Torres Strait Islander health services;
- Funding for community nursing;
- Community transport particularly for older residents;
- Funding, catering and use of vehicles for services such as Meals on Wheels;
- Affordable meals;
- Involvement in aged care hostels or retirement homes;
- Seniors events and hospital visitation;
- Recreational facilities such as bowling greens;
- Funding and housing of internal and external day care centres;
- Funeral services;
- Child and family services;
- Mental health services;
- Support of health promotion initiatives;
- Drug and alcohol services;
- Dental services;
- Home and community care services; and,
- Disability services (including equipment such as wheelchairs).

Education

- Sponsorships and scholarships;
- Funding of specific educational purposes such as the construction of wheelchair ramps and school crossing attendants;
- Training opportunities;
- Use of facilities, catering and administrative support for training programs such as TAFE; and,
- Career development seminars for the young, disadvantaged or unemployed.

EMPLOYMENT

Funding allocated to:

- Employment placement services;
- Group training;
- Employment advocacy;
- Community enterprises; and,
- Local job creation schemes.

Sport – Junior

- Funding or sponsorship of activities for in-house and external sporting clubs, teams and individuals;
- Construction and maintenance of sporting fields and facilities;
- Grants to junior sporting associations and other sports clubs/groups, schools and other organisations for the supply or provision to players, referees and officials of uniforms, trophies, insurance, medical kits, administration, referees' payments, travelling and accommodation expenses;
- Junior coaching clinics;
- Educational and sporting scholarships;
- Meeting rooms and offices for junior sports administration;
- Gymnasiums and equipment including maintenance of these facilities; and,
- Grounds and ground improvements including but not limited to council fees, lighting, change rooms, ground rentals and maintenance.

Sport – Senior (not including any expenditure on professional sport)

- Funding or sponsorship of activities for in-house and external sporting clubs, teams and individuals; and,
- Development and maintenance of sporting fields and facilities (including golf courses and bowling greens).

Voluntary non-profit organisations

Funding and support of:

- Counselling services;
- Child care;
- Aged, disability or youth services; and,
- Volunteer services such as surf life-saving and rural fire services.

Registered charities and State agencies

- Funding for various children's charities such as Starlight Foundation and Variety Club of Australia;
- Funding for charitable and community organisations, welfare groups, churches;
- Organising and/or hosting of charitable fund raising events;
- Subsidising or providing free the use of venues and facilities, including providing the services of club staff; and,
- Funding for State agencies such as the SES, hospitals, fire and ambulance services.

Local community infrastructure

- Construction and maintenance of local community infrastructure (including sporting facilities);
- Providing venues and facilities for use by local residents (for weddings, functions, training events and so on) and by visitors (conference facilities), and in some instances, by State agencies;
- Providing venues and facilities at a subsidised rate or free of charge to local community groups, charitable groups and sporting groups;
- Use of Club staff for grounds and facility maintenance, in some cases, relieving councils of on-going day-to-day management and or maintenance responsibilities;
- Direct contributions to the work of Local Government by providing facilities, financial contributions, planning involvement, catering and/or staff for local Government initiatives;
- Enhancement of services and facilities provided by Local Government;
- Provision and maintenance of gardens and urban landscape upgrading;
- Sponsorship of local festivals and community events; and,
- Environmental initiatives.

Emergency relief

- Providing emergency accommodation and shelters during natural disasters, most recently during flooding in the Hunter Valley;
- Providing resources to support community recovery in times of crisis by way of material aid to victims and support workers;
- Financial support for families who have lost their homes to fire or as a result of other disaster, or for other individuals in need of assistance; and,
- Australian clubs collectively donated \$3.3 million to the Red Cross Victorian Bushfire Appeal; \$3.2 million to South East Asian Tsunami relief efforts; and \$700,000 to victims of Cyclone Larry in Northern Queensland.

The role clubs play in emergency relief and the contributions they make to volunteer rescue is clear from the focus group quote below:

From a rescue point of view, clubs gives us equipment: fire equipment, rescue equipment ... From a small kit to large items of equipment, we're talking thousands of dollars worth of the 'jaws of life'. The other thing they do is provide a venue for training and meetings and the clubs locally. You might say you would get another venue somehow but there's a whole range of other resources there. They also allow fundraising within the club environment ... the club is an evacuation point as well. They've got catering, comfortable dry warm environment, bathrooms, plenty of them. So they've got catering facilities to feed evacuees or we can cater from the club, give it to vehicles or choppers and get it out to operatives or other evacuees.²⁶²

The list above is not exhaustive. However, it illustrates the way clubs direct their physical support. The list provides clubs with guidance on the activities that are most easily identified and quantified. It does not ask clubs to analyse, for instance, the valuable contributions made by volunteers, nor the intangible benefits of socialisation at the club. However, it is unlikely that clubs, individually, and without a significant commitment of resources, would be able to accurately quantify the value of this type of social contribution.

262. Ucomm, *Community Organisations Focus Group Report*, commissioned by ClubsNSW, July 2007, p.7

(B) NEW SOUTH WALES

Using an expenditure approach, the 2007 Socio-Economic Impact Study indicates that the total dollar contribution by clubs in NSW to community causes is around \$1.1 billion per year.

This includes the Club Movement's contribution through cash and in-kind support, volunteer opportunities and investment in sporting and non-sporting facilities. This estimate is likely to be a 'lower bound' as it does not take into account other services that are provided at subsidised rates (such as discounted meals relative to that offered by pubs and restaurants).

This approach also does not take into account other indirect benefits from club community services, such as enhancing social capital and 'healthy communities' by encouraging people to participate in sport and volunteer activities. For example, the expenditure estimate does not take into account the benefit to the community associated with registered clubs providing meeting places for the elderly – both a social outlet and as a place for support.

(C) AUSTRALIAN CAPITAL TERRITORY

As noted above, ACT clubs are required by law to donate 7 per cent of their net gaming revenue to eligible recipients. However, over the past 11 years the average annual contribution has been about 13.5 per cent of net revenues – nearly double the required amount, totalling approximately \$140 million.

This still understates the level and breadth of support that clubs provide to the Canberra community, with undeclared contributions often including the use of meeting rooms for a diverse range of social groups, the provision of office space, and the supply of equipment to groups including charities, schools, aged care, art and craft groups, and regional and ethnic community services groups.

(D) VICTORIA

In addition to providing support for external organisations and activities, clubs provide facilities and surroundings that enable members (and non-members) to socialise and feel 'connected'. Many Victorian clubs also offer financial and wellbeing support to members in times of need:

- 47 per cent support members who are, or have recently become disabled.
- 47 per cent support members who are recently bereaved.
- 44 per cent support members who are seriously ill.
- 35 per cent support promising school students who need financial help.
- 32 per cent support club members who have fallen on hard financial times.²⁶³

ClubsVIC Executive Director Margaret Kearney's evidence to a parliamentary committee illustrates how clubs have been established by local communities specifically as fund-raising instruments, as does the following case study of Buckley's Entertainment Centre in Geelong:

There is the model like Horsham [Sports & Community Club] that was purpose-built for the community. We have a few of these now. In Horsham the local businessmen decided "If we are going to have gaming here, we should have the ability to have as many people as possible partake in the benefits of the gaming".

They set up a purpose-built hospitality facility with gaming. The job is to raise money – literally that is its job. It raises money and at the end of every year it declares its dividend, if you like – the surplus. In the whole Horsham area community organisations tender for some of that money. There is a foundation of local business people and community people and mums and dads who decide who will get it each year. They distribute their entire surplus. The club is a purpose-built facility for raising money for the community.²⁶⁴

263. Percentages calculated on data obtained from 88 ClubsVIC member clubs

264. Kearney, Margaret (ClubsVic Executive Director), *Evidence to the Victorian Parliament's Legislative Council Select Committee on Gaming Licensing*, 11 December 2007

CASE STUDY: BUCKLEY'S ENTERTAINMENT CENTRE

Buckley's Entertainment Centre in Geelong was purpose-built as a fundraising facility, established by around 27 other clubs. The venue was established for the purpose of promoting football, and raising funds for the participating clubs' operations.

Buckley's is well known for the support and sponsorship the club provides throughout the Geelong and Bellarine regions. For some years, Buckley's has been a major sponsor of Relay for Life, a community-based 24-hour walkathon, raising funds for cancer research. This giving back also includes social opportunities for older citizens, support for local kindergartens and schools, and as the children grow up, providing hospitality jobs to help them with their education.

The club is run as a community benefit, unlike a hotel. It exists to serve the community, unlike pubs that provide sponsorships but focus on the profit to be gained from making the deal.

Buckley's sponsors the three local football leagues - Geelong Football League, Bellarine Football League and Geelong and District Football League - and distributes money each year to the local football clubs in the Geelong and Bellarine area. Twelve clubs own the facilities but 38 benefit from their connection with Buckley's. Football clubs use Buckley's as a fundraising hub for their activities. But Buckley's is not just a footy club - it's also one of the biggest sponsors of cricket in Geelong, and the board is widening its focus.

Aside from supporting sport, the club regularly hosts groups of hundreds of nursing home residents and bingo players.

Board members and other volunteers are keen to help, particularly when they see that it is not run like an 'old boys' club'. They are not looking for recognition but they do enjoy a sense of achievement as the club and its activities expand. The more amenities Buckley's offers, the more new members it attracts.

With over 16,000 members who help create the club's home away from home atmosphere, the focus is on providing a variety of entertainment and activities. Members enjoy promotions that provide cars, boats and white goods. But the bottom line is the club's family and community values and its safe environment for families, elderly citizen groups and schools needing to stage activities and events.

In 2007, Buckley's put more than \$140,000 into local football and over \$20,000 into local community needs through sponsorship.²⁶⁵

(E) SOUTH AUSTRALIA

ClubsSA estimates the value of club donations, community contributions (cash and in-kind) and sponsorships at \$17 million per annum.²⁶⁶

(F) QUEENSLAND

A recent study of Queensland clubs indicates that clubs in that State provide community contributions valued at \$245 million annually, which is over and above the facilities they provide and maintain in their local communities.²⁶⁷

265. ClubsVIC, *Hear Our Voices: Celebrating Clubs As Communities Serving Communities*, March 2008

266. Unpublished data provided by Clubs SA

267. ClubsQueensland, *Social and Economic Impact Study of Community Clubs in Queensland - 2009 Report*

6.5 SPORTING INFRASTRUCTURE AND SUPPORT

One of the major areas in which clubs contribute to both social infrastructure and the broader economy is through their support of sport – be it junior, amateur or professional.

The provision of affordable and accessible facilities is at the core of club operation, and the financial and organisational structure supports this. Although members pay for the use of these types of sporting facilities, the charges are mostly below the full cost of provision. The difference, however, is made up from income earned from other parts of clubs' operations. In aggregate terms across clubs, the total charge for providing these facilities does not cover the costs of provision.

Although cash outflows on non-professional sport are greater than the related inflows, clubs accept that the provision of sporting services and facilities to the community provides a valuable social contribution to the health and well-being of the community and is fundamental to their core purpose.

(A) COMMUNITY BENEFITS

Non-professional sport plays a vital role in the community by providing a means for individuals to become more physically active, and to establish social networks within their community. The benefits of participation in sport are diverse and include those relating directly to the participant, as well as to the broader community, including:

- Physical and psychological benefits for individuals by improving their health status through exercise and increased social interaction;
- Community benefits from reduced healthcare costs due to the improved health status of participants; and,
- Enhancement of community identity and promotion of community integration along socio-economic and ethnic lines.

(B) DETERRENCE OF ANTISOCIAL BEHAVIOUR

Participation in non-professional sport can also have a deterrent effect on antisocial behaviour. Young people involved in organised team sports have substantially higher levels of self-esteem than their peers that don't participate, with a higher likelihood of behaving better in and outside of school. The range of benefits that sport and other physical activities can have in preventing or reducing crime and other antisocial behaviours among young people are widely documented.²⁶⁸ This reduction in antisocial behaviour brings many benefits to the community, such as reduced vandalism and associated costs and lower truancy rates.

For example, The Hellenic Club in the ACT provides funding and in-kind support for Barnardos Australia's Kids + Sport Program, a locally designed program that focuses on using sport mentoring as a way to build relationships between disadvantaged children, young people, their families and the community and provide them with not only a wonderful physical and social outlet but also strong leadership and direction in their lives.

(C) BENEFITS FOR INDIRECT PARTICIPANTS

Even being a sports spectator is increasingly being acknowledged as a major contributor to social capital. As Robert Putnam observes:

*This increase in sports spectatorship is not a dead loss from the point of view of social capital. Sitting with friends in the bleachers for a Friday night high school football game might be just as productive of community as sitting across a poker table. Moreover, at least for the fans of winning teams, the sense of shared enthusiasm of a common passion can generate a certain sense of community. As long-suffering Red Sox fans know, even shared adversity can build community.*²⁶⁹

268. Morris, L, J Sallybanks and K Willis, "Sport, Physical Activity and Antisocial Behaviour in Youth", *Research and Public Policy Series*, Issue 49, Australian Institute of Criminology, Canberra, 2003

269. Putnam, Robert, "Bowling Alone: America's Declining Social Capital", *Journal of Democracy*, Volume 6, Issue 1, January 1995, p.113

(D) SOCIAL CONTRIBUTIONS FROM SUPPORT FOR PROFESSIONAL SPORT

Based upon Putnam's research of indirect participation, Government should look favourably at the role clubs play in funding professional sport. In 2007 club expenditure on professional sport was more than \$28 million per annum in NSW alone.²⁷⁰ Quite simply, without the clubs' investments, communities would be deprived of the enjoyment and camaraderie they derive from many professional sports, especially from Rugby League and Australian Rules Football.

Evidence of the impact of these contributions was offered during the Ucomm Managers Focus Groups:

A guy told me in Campbelltown on one occasion that there are two things that give Campbelltown its own identity. One of them is the local radio station and the other one is the Wests Tigers. We support Wests Tigers. We've got a financial obligation to them, funds their games out at Campbelltown and that's not even seen as a community contribution. You ask anybody in Campbelltown the importance of football or the importance of having local NRL games, they'll say it's substantial and yet it's not recognised.²⁷¹

Likewise, in 1997 the Ainslie Football and Social Club constructed a world-class sports ground at a cost of \$3.5 million, primarily for Australian Football; however, the Brazilian Soccer team used the oval as a training facility during the 2000 Sydney Olympics. The Club has also provided scholarships and financial support for a number of developing elite athletes including, Olympic representative, two-time Commonwealth Games hammer throw champion and 2001 World Athletics Championships team captain Stuart Rendell, and Matildas Captain Sasha Wainwright. Their support has added to Australia's status as a sporting leader worldwide.²⁷²

(E) ROLE OF TAX INCENTIVES IN PROMOTING INVESTMENT IN SPORT

Government does (and should) play a proactive role in supporting and encouraging this investment in sport. The positive response of clubs to Commonwealth tax incentives illustrates the significant role governments can play in encouraging sport through clubs and the willingness of clubs to play their part.

The *Income Tax Assessment Act 1997* exempts a club from income tax if its primary purpose is the encouragement of sport.²⁷³

As a result of a 1952 Report by the Commonwealth Committee on Taxation, sub-paragraph 23(g)(iii) was inserted into the *Income Tax Assessment Act 1936*. This sub-paragraph provided for the exemption from tax of the income of an association or club which was established for the encouragement or promotion of an athletic game or athletic sport in which human beings were the sole participants.

With the 'simplification' of tax laws in 1997 the exempting provision took its current shape as Item 9.1(c) of section 50-45 of the *Income Tax Assessment Act 1997*. The word 'promotion' was removed and now the requirement is that the organisation be a club, society or association established for the encouragement of a game or sport and carried on for the profit or gain of its individual members in Australia (pursuant to section 50-70).

The legislative history indicates that the exemption has been broadened over six decades, along with the community's interests in sport.

270. The Allen Consulting Group, *Socio-Economic Impact Study of Clubs in New South Wales (2007)*, February 2008, p. 48

271. Ucomm, *Managers Focus Group Report*, commissioned by ClubsNSW, July 2007, p. 8

272. ClubsACT, Unpublished Case Study, "Ainslie Football and Social Club", March 2009

273. The sporting club exemption had its genesis in the wartime Entertainment Tax Act of 1942. That Act was amended in 1949 to provide a concessional rate of entertainment tax where the entertainment consisted solely of a game or sport where humans were the sole participants and the entertainment was promoted by a society, institution or committee not established or carried on for a profit.

The current law demands that clubs satisfy the following three tests:

- The club cannot be carried on for the purpose of profit or gain to its individual members;
- The club must be carried on for the encouragement of a game or sport. That encouragement must be the club's main purpose; and,
- The club must have a physical presence in Australia and pursue its objectives principally in Australia or is located outside Australia and is exempt from income tax in its country of residence.

The incentive provided through the federal tax arrangement has overwhelmingly achieved its goal of building and maintaining sporting infrastructure and encouraging community participation.

In the opinion of ClubsAustralia, this has contributed significantly to the success Australia has enjoyed worldwide in sporting competitions and should be maintained.

(F) NSW CLUBS' SUPPORT FOR SPORT

According to The Allen Consulting Group, 94 per cent of clubs in NSW provide sporting facilities, including 1,547 bowling greens, 81 gymnasiums, and 366 golf courses. Many squash courts, swimming pools, tennis courts, billiard tables, carpet bowls, darts and table tennis tables are provided by clubs. The breadth of the sporting facilities provided and maintained by the club industry is outlined in the figure below.

Figure 6.2: Type and number of sporting facilities provided by clubs, by club size, by gaming machine revenue

CLUB SIZE (by gaming machine revenue \$)	0 - 200K	>200K - 1M	>1M - 5M	>5M- 10M	>10M	TOTAL CLUBS
Bowling greens	346	525	476	113	87	1547
Gyms	9	0	10	19	42	81
Fields	47	11	48	10	46	163
Golf courses	175	128	40	17	5	366
Swimming pools	0	11	5	19	31	66
Tennis courts	137	110	144	66	71	528
Squash courts	28	68	48	17	20	182
Billiard tables	185	185	334	152	278	1134
Carpet bowls	147	166	382	126	163	985
Boat/ski facilities	47	15	104	5	8	180
Darts	5	49	185	56	83	377
Other	62	132	316	64	58	632
Total	1189	1402	2093	663	893	6240

Source: The Allen Consulting Group, Socio-Economic Impact Study of Clubs in NSW (2007), p. 45.

The following quote from the Ucomm Managers' Focus Group demonstrates the important role just one registered club plays in providing, maintaining and investing in sporting facilities for the NSW community:

Now our club sits on 31 acres and it's our responsibility to look after our 31 acres, but on that 31 acre site you've six soccer fields, a rugby league field, five tennis courts, three squash courts, eight netball courts. We've got every high school in the area utilising those facilities on a daily basis at no charge. We're running at least 14 teams from the age of 12 right through. We're the leaders in women's soccer. We've produced 21 Australian Socceroo players that have come through the Club ... We have to maintain that ground, which costs us \$2.5 million dollars a year.²⁷⁴

CASE STUDY: SUPPORT FOR SPORT

In 2003 Mingara Recreation Club, situated on the NSW Central Coast, assumed direct management of its world-class athletics centre. This expanded Mingara's ability to meet its community's needs, including the needs of those with aspirations but lacking in resources such as disabled athletes. Since it opened in 2000, the athletics centre has been the venue for regional primary and secondary school athletics carnivals. Usage has increased from approximately 35 to 65 carnival days annually. Without this facility and contribution, the bulk of the schools involved would not be able to offer their students the experience of a well-run carnival. These 65 carnival days per year result in many thousands of young people and their families enjoying the benefits of a well-managed and community-based facility.

In addition to various programs, the club's facilities themselves are of great benefit to schools. Over the past three years, some 250,000 school students have used Mingara's facilities, ranging from carnivals at the aquatic and athletics facilities to speech nights, formals and various cultural events in the club's function facilities.

Outside the normal domain of high school sporting carnivals, Mingara donated \$10,000 to the local surf life saving organisation to arrange a surf carnival in which 15 Central Coast high schools took part. Importantly the challenge was not aimed at elite participants but successfully aimed at the 'casual' surf swimmer. The club saw the carnival as an opportunity to encourage the young participants to join a local surf life saving club and show how sport can be used to encourage participation in the community.

Mingara has developed a strong relationship with NSW Institute of Sport (NSWIS) since 2003 under NSWIS's Emerging Athlete Program. From 2003 to 2006 this program has allowed 12 local NSWIS athletes to train at the pool, gym and athletics centre at no cost to them. The annual cost to Mingara is \$7,000. In 2006, another three-year sponsorship agreement was signed between Mingara and NSWIS allowing 20 athletes to train at Mingara facilities, again, at no cost to them. The annual cost to Mingara is almost \$10,000.

Mingara provides scholarships and financial support for a number of developing adolescent athletes which fits in well with its involvement in the NSWIS regional program. This assistance allows athletes the opportunity to strive for success, while minimising the financial burden on their families and makes the Central Coast Academy of Sport a stepping stone to the NSWIS program.

Mingara makes a \$3,500 annual contribution to the Tuggerah Lakes College Athletics program, which commenced in 2006. It covers the cost of coaches and facilities and involves 20 students from three college campuses.

Mingara has also supported professional sport through the Central Coast Mariners, who are integral members of Australia's national A-League Football (soccer) competition. The Mingara management team played an important role in assisting in the development of the Mariners, supplying management expertise and financial support. Additionally, Mingara provides training and conditioning facilities for the Mariners. Importantly Mingara continues to encourage Mariners' players to retain their community links, supporting and assisting young players on elite and non-elite levels.

274. Ucomm, *Managers Focus Group Report*, commissioned by ClubsNSW, July 2007, p. 11

Mingara also runs various sporting and social programs under the banner of 'Life without Barriers' for those dealing with physical and intellectual disabilities. The club is largely credited with the Central Coast's sports participation rate for disabled people being 40 per cent higher than the State average.

Mingara supports sport at all levels in its community, from financially supporting amateur and professional athletes and providing facilities for high school sporting carnivals to getting disabled people active.²⁷⁵

REGIONAL AREAS SHOW GREATER DEPENDENCE ON CLUB SUPPORT FOR SPORT

On a regional basis, 97 per cent of non-Sydney clubs provide their members with sporting facilities, as compared with 89 per cent of Sydney clubs. This difference highlights the importance of clubs in non-metropolitan regions in providing the community with sporting facilities.²⁷⁶

There is significant provision of sporting facilities across all clubs, regardless of size. The type of facilities provided, however, is heavily influenced by the correlation between the type and size of clubs. The provision of bowling greens is most common among smaller clubs, which tend to be the smallest clubs in terms of gaming revenues. Leagues and football clubs tend to earn high gaming revenues and provide various types of sporting fields.

(G) ACT CLUBS' SUPPORT FOR SPORT

ACT clubs provide a wide range of sporting venues and make significant contributions to major sporting teams and to a large number of sporting organisations. The vast majority of clubs in the Territory are sporting clubs, with a specific charter to encourage and support sport in the community.

As is the cases across Australia, clubs do not only provide cash and in-kind support to amateur sporting groups, but also the benefit of professional advice. For example, Ainslie Football and Social Club has provided management expertise to assist in the development and consolidation of a number of local sporting bodies, including the development of Softball Canberra to become one of Australia's strongest competitions, and the relocation of North Canberra Gungahlin Cricket Club.

In 2006/07 the ACT Club Movement's support for sport was valued at \$9.3 million. In addition, the ACT Academy of Sport is a major beneficiary of club support through the 1 per cent sports levy – which is now embedded in gaming tax.

The industry, through ClubsACT, has also been the major sponsor of ACTSPORT's Sportstar of the Year Awards for the past decade.

Sport is very much a bona fide community contribution and is treated as such by the ACT Government's Community Contribution Guidelines, which were confirmed by the Gaming Machine Act 2004. Sport and recreation are generally regarded as investments in social capital and act as preventative measures which over the medium and longer term reduce the need and demand for social welfare funding by governments and the community.

Sporting and community facilities like ovals, stadiums and bowling greens are primarily provided by clubs in the knowledge that the costs will not be recovered and, at best, there will be a low return on investment. Private investors, for example, would balk at investing in these types of infrastructure, but clubs do not because they have an obligation to their members and in turn the wider community.

275. UMR Research Pty Ltd, "NSW Clubs in their Local Communities – A Case Study", commissioned by ClubsNSW, 27 February 2009

276. The Allen Consulting Group, *Socio-Economic Impact Study of Clubs in New South Wales (2004)*, April 2004, p. 49

CASE STUDY: VIKINGS CLUB, ACT

The ACT's Vikings Group of clubs is committed to the promotion of sport in the Tuggeranong Valley, boasting 55 affiliated sporting clubs and 602 affiliated teams with 5,912 junior athletes and 3,631 senior athletes. In addition to this, the club supports over 1,400 more athletes through major sporting grants to amateur sport. Major outcomes of recent sponsorship include:

- \$588,000 to Tuggeranong Valley Rugby Union Club, allowing over 511 players to participate.
- \$100,000 to ACT Rugby Union.
- \$126,100 to Affiliate Club Grant Scheme for junior and senior athletes to compete in local competitions.
- \$40,000 to Primary Schools Rugby Union Program, supporting 500 local children.
- \$35,000 to High School/College Rugby Union Program, supporting over 150 students.
- \$78,400 to Affiliate Clubs (in-kind assistance to enable athlete participation in meets).

In addition to cash grants, Vikings also provides extensive sports infrastructure, including the \$6 million multi-sports facility Viking Park, Vikings Capital Golf Course, Vikings Health & Fitness Centre, bowling greens, tennis courts and ovals. Highlights from 2007 are:

- \$433,000 direct funding for Viking Park, used by local sporting teams for Rugby Union and baseball matches as well as hosting the Australian Schoolboys Rugby Championships and the Australia vs Samoa Rugby Union Schoolboys Test Match. The Brumbies also hosted training sessions at Viking Park and hosted a professional Japanese Rugby team for a two week training camp.
- \$433,500 direct funding for Vikings Capital Golf Club Course, Canberra's cheapest public to join and play, also offering free monthly coaching clinics for junior golfers.
- \$432,000 for three international standard championship-sized bowling greens.
- \$47,000 direct funding for oval maintenance of government-owned fields.²⁷⁷

6.6 AGEING POPULATION

Clubs play a vital role in the lives of older Australians, providing access to facilities and services, and a social network that maintains or even improves the quality of life for many in their later years. The extent of the challenge presented by the ageing of the population is reflected by the Australian Government's Intergenerational Report, which found that the proportion of people aged over 55 is steadily rising.

There are currently just over four million Australians aged 55-plus (or about 21 per cent of the population). This is projected to increase to more than double to around 9.2 million – or around 36 per cent of the total population – by 2042.²⁷⁸

And approximately 13 per cent of the population – some 2.8 million people – is aged 65 years or older. This is expected to rise to 18 per cent by 2021 and to 26 per cent (around 7 million people) in 2051.²⁷⁹

With more leisure time available, this burgeoning demographic group can be expected to increasingly turn to their local club for activities. Clubs play an important role in the lives of older Australians. In NSW, for example, more than half of those aged 60 or older visit a club at least once a week.²⁸⁰ For this group, a club environment is safer and offers a sense of 'community', with recreational opportunities geared to their stage of life.

277. ClubsACT, Unpublished Case Study, "The Vikings Group", March 2009, attached as Appendix C

278. Commonwealth of Australia, *Intergenerational Report*, Budget Paper 5, May 2002

279. Commonwealth Minister for Ageing, Media release "Australian Government's Positive and Active Ageing Plan", 23 June 2008, accessed at <http://www.health.gov.au/Internet/ministers/publishing.nsf/Content/mr-yr08-je-je099.htm>

280. The Allen Consulting Group, *Socio-Economic Impact Study of Clubs In New South Wales (2007)*, February 2008

CASE STUDY: THE RICHMOND CLUB

The Richmond Club is cognisant of meeting the needs of ageing members in its community. Therefore it has tailored many of the services and functions of club to meet these needs. Apart from operating an aged care facility, which is discussed in detail in Chapter 5, the club provides a crucial community service simply by providing a meeting place for seniors. For example, each day approximately 130 older members participate in bingo, an activity from which the club does not profit, but from which seniors enjoy the fun and company.

The club's gym (Active8) program is deliberately tailored to promote the participation and health of older members. The 'Living Longer, Living Stronger' program is a strength training program specifically for the over 50s. This program is endorsed by the Council on the Ageing. The gym has reached near full capacity, with over 1,000 members.

The club also runs a program that supports grandparents who have responsibility for minding their grandchildren. This program was developed in response to findings that a significant number of older residents in the local community were spending at least one day per week minding grandchildren. Parts of the club were made child-friendly and children's activities are run on certain days. Kids' meals are offered free.²⁸¹

(A) CLUB-GOING IS LINKED TO POSITIVE HEALTH OUTCOMES

The Adelaide Health Development and Social Capital Project found that:

*... social participation has a strong link with health and that becoming involved in the social life of the local community, therefore, does improve health and it appears to act as a buffer to poorer health as age increases and socio-economic status declines.*²⁸²

Their analysis also demonstrates that social participation declines with age or economic means, emphasising the crucial role of clubs where membership is biased towards older people and lower income workers. This has important implications for public policy-makers, particularly in relation to an ageing population and economically disadvantaged areas where levels of social capital may be low and/or declining. The Adelaide researchers conclude:

*... the challenge is to build the social capital of communities in a way that encourages the social participation of men and women as they get older, and of people in lower socio-economic groups.*²⁸³

This thesis is supported by recent research conducted by Simpson-Young²⁸⁴ on the use of registered clubs by the elderly and the associated health and social benefits. The research found that registered club use enables the elderly to manage the impact of late life transitions on well-being by facilitating social participation, reducing social isolation and enabling access to resources to improve the quality of daily living.

Put simply, elderly club-goers are able to forge and maintain relationships with others among their age group who share common experiences with, for example, bereavement and relocation. Club-goers, in particular elderly women, feel safe in the club environment and can access a nutritious meal and gain enjoyment out of club activities such as bingo, bridge or carpet bowls.

281. UMR Research Pty Ltd, "NSW Clubs in their Local Communities - A Case Study", commissioned by ClubsNSW, 27 February 2009

282. Baum, Fran, Catherine Parker, Carolyn Modra, Charlie Murray and Robert Bush, "Chapter 10: Families, social capital and health" in Ian Winter, *Social Capital and Public Policy in Australia*, 2000, p.257

283. Baum, Fran, Catherine Parker, Carolyn Modra, Charlie Murray and Robert Bush, "Chapter 10: Families, social capital and health" in Ian Winter, *Social Capital and Public Policy in Australia*, 2000, p.257

284. Simpson-Young, Virginia, "Club-going as a strategy for managing change and maintaining social connectedness in later life: an ethnographic account of the day-to-day life of the older club-goer", in C Shanley and T Roberts (Eds), *Proceedings of the 5th National Conference of Emerging Researchers in Aging: Research Informing Positive Outcomes in Older Persons*, University of Sydney, 21st November 2006

(B) INDEPENDENCE FOR THE ELDERLY

Simpson-Young discusses how the elderly gain ‘symbolic independence’ from club participation and how such participation structures their daily and weekly routines and provides a safe and financially accessible venue to frequent outside their home:

Club-going can continue when many other activities outside the home are no longer possible. In this context, being finally unable to attend the club would constitute a major blow to their view of themselves as an independent person. This may explain why some club-goers could not envisage their future without club involvement, as well as the observation that extensive efforts were made to overcome obstacles posed by ill-health to continue to attend the club.²⁸⁵

This is reflected in the example of Clayton Bowls Club, which was the 2007 Bowls Club of the Year winner at the ClubsVIC Achievement Awards. The Club helps improve the health and well-being of members by providing social and intellectual stimulation, adding an extra purpose to daily living and providing the retired with an interest outside the family. The club has many examples of how members are benefiting from club life and how the club itself benefits, including an 89-year-old member who attends every Monday to help maintain gardens and flower boxes. Spouses and families say that club life has provided retirees with opportunities to use their intellectual and physical skills. The Club can harvest these skills and a lifetime’s experience for sub-committee work or for one-off tasks such as reviewing the constitution or by-laws.²⁸⁶

Similarly, the ACT’s Ainslie Football and Social Club has for many years hosted, free of charge, the ACT Government Chief Minister’s breakfast for the Council for the Ageing. The Club also provides annual Christmas luncheons for the elderly residents of the nearby Goodwin Homes, hosted by the directors and management, who provide the table service with food and beverage at no charge.²⁸⁷ A club manager made the following comments in a Ucomm Focus Group that also supports Simpson-Young’s position:

I had a little old lady, when we were talking about the pokie tax, come in and say, “Please don’t cut out that free bus because I come here three days a week. That’s my three days I go out and I go shopping too in between times.” So she takes her shopping home on our free bus, but that gets her out of her four walls ... So how do you measure the health and the well-being of your community? And council said to us as well if the club stops giving your meeting room, they can’t build more venues. They can’t build more. How do you then measure that in dollar value?²⁸⁸

CASE STUDY: SUBSIDISED MEALS, MAROUBRA SEALS, NSW

According to a UMR case study, the Maroubra Seals Board and Management has seen its role as providing a leisure, support and quasi ‘welfare’ facility for those on pensions, low incomes and facing social challenges in the area. In 2003, Maroubra Seals prepared and supplied an average 2,700 subsidised meals per week to its disadvantaged members and patrons. In 2009 this has risen to 3,300 meals a week, costing some \$286,000 per annum.

A significant portion of these meals are provided to various disability groups. In liaison with Randwick Council and agencies like ‘Sunny Homes’, Maroubra Seals has increased its commitment to providing subsidised meals and meeting facilities to various disability groups. Over the past three years, Maroubra Seals has served over 300 (\$4) subsidised meals per week to such recipients.

285. Simpson-Young, Virginia, “Club-going as a strategy for managing change and maintaining social connectedness in later life: an ethnographic account of the day-to-day life of the older club-goer”, in C Shanley and T Roberts (Eds), *Proceedings of the 5th National Conference of Emerging Researchers in Aging: Research Informing Positive Outcomes in Older Persons*, University of Sydney, 21st November 2006, p. 181

286. ClubsVIC, *Hear Our Voices: Celebrating Clubs As Communities Serving Communities*, March 2008

287. ClubsACT, Unpublished Case Study, “Ainslie Football and Social Club”, March 2009

288. Ucomm, *Managers Focus Group Report*, commissioned by ClubsNSW, July 2007, p. 9

Other support programs funded by the Maroubra Seals are the School Breakfast Program at South Sydney High School (\$35,000 per year over the last four years) and the breakfast program at La Perouse Primary School (\$6,000 per year over the past four years). Maroubra Seals management noted that during January and February 2009, the number of subsidised meals has begun to steadily increase. Members will often bring along their families to take advantage of low-cost meals during increasingly difficult economic times.

Removing just this one service from the clubs program would place a big strain on State and local government welfare agencies.²⁸⁹

(C) REDUCED PRESSURE ON PUBLIC HEALTHCARE SERVICES

In support of Simpson-Young's concept of 'symbolic independence,' there is strong anecdotal evidence that, for example, an elderly person living alone, but with access to a network of individuals of similar age and a common interest, is less likely to seek medical treatment for depression. It is this observation that leads Simpson-Young to conclude:

Given the large number of older people who attend registered clubs, and clubs' contribution – identified in this research – to social connectedness and the management of day-to-day life, the time has come for researchers, policy-makers and practitioners working with older people to take registered clubs seriously. In being aware of the effectiveness of club-going in dealing with some of the transitions of later life, practitioners can consider the local club as a referral option for older clients at risk of social isolation.²⁹⁰

This is reinforced by comments made during the Ucomm Managers Focus Groups:

We've then got the 70 plus – and we're talking about a third of our membership – that are coming to our club ... they say that it's their second home. Half of them were married there and they've had their children ... and their grandchildren christened there and the Holy Communion and everything that goes on in their life. The actual club industry itself has become the heart of the community and if they weren't sitting in our venues, not spending any money, because they don't from the age 70 ... they would be sitting in a doctor's surgery and wanting to talk to doctors for 45 minutes.

... We actually help the infrastructure of the whole government with what we provide from that aspect. You can have a person sitting at a poker machine and people might turn around and say, well, we're only interested in that dollar ... but it's their club and it's their community and if she's telling my staff that she's going away for a week, she's doing that for a reason. She's doing that because she wants someone to know that if she's not here for a week there's a reason why she's not here and if... she hasn't been in our club for a week she expects one of my staff to notify us so that we can check to make sure she's still alive at home, and you can't put a price on that, and the government needs to have a clear understanding, and so even the economics of that, they have got no understanding of that.²⁹¹

We offer free hearing tests, every week to non-English-speaking people and we have translators. If the government had to pay for that, how much would it cost them to have four different people that can speak – like most of my staff can speak five languages, most of my staff, so we're able to communicate with these people. Now if they went and got a hearing test in Macquarie Street, they would have to then go and find somebody that can speak their language to be able to communicate with them and we're providing that on a weekly basis.²⁹²

289. UMR Research Pty Ltd, "NSW Clubs in their Local Communities – A Case Study", commissioned by ClubsNSW, 27 February 2009

290. Ucomm, *Managers Focus Group Report*, commissioned by ClubsNSW, July 2007, p.9

291. Ucomm, *Managers Focus Group Report*, commissioned by ClubsNSW, July 2007, p.10

292. Ucomm, *Managers Focus Group Report*, commissioned by ClubsNSW, July 2007, pp.10-11

6.7 SUPPORT FOR PEOPLE WITH DISABILITIES

Due to their community-oriented nature, clubs also play an important role in supporting people with disabilities. They provide employment and training opportunities, offer facilities that are both physically and financially accessible, and provide a warm, inclusive environment in which to socialise. Because of their not-for-profit nature they are more prepared than other venues to host events for people with disabilities which may run at a loss due to increased running costs and/or the patrons' limited capacity to pay.

For example, The Richmond Club in the Hawkesbury region of Sydney hosts an annual Disability Expo to inform the community about the resources available to assist its members with disabilities. It also runs two gym classes per week specifically for members with disabilities.²⁹³

Likewise, the Hellenic Club's support for Koomarri – Canberra's leading service provider of support and employment services for people with moderate to severe disabilities and their families – includes a sponsorship providing \$200,000 from 1 July 2005 for five years, to help fund their construction of new premises. The Club has been actively involved in the redevelopment planning, and also provides volunteer assistance for functions such as Koomarri's annual Christmas Party. Finally, the Club also provides important mainstream employment opportunities to Koomarri's disabled clients, hiring the Koomarri garden keeping team to maintain the Club's landscaping.²⁹⁴

During a community focus group conducted by Ucomm, the following comments were made in regard to clubs' support for the disabled:

*I would say on behalf of the people we look after and support, their level of socialising and general exposure to community activities would almost disappear in a social sense if not for the clubs. It is very difficult for our guys to integrate into the social sphere of the community unless they are supported by clubs, whereas the club environment is much more warm and open and friendly and receptive. They can let you in bowling clubs, they can do all the activities in the club and you can see them grow and develop and work out their own social skills through that exposure. So it is a tremendous aid in developing our people. And they thrive – it might be bingo night to someone else, but it's a great night out for our guys and they just love it.*²⁹⁵

CASE STUDY: BENALLA BOWLS CLUB, VICTORIA

Chris Randell, 24, owes his successful bowling career to the Benalla Bowls Club. Chris says bowling is the "hardest game on earth for a bloke with a disability. Had it not been for my good friends at the club, I would never have realised my goal of playing competitively." Chris has joint and nerve damage in both arms but that didn't stop him from practising his bowling technique every day.

Club members were impressed by Chris's enthusiasm. They decided to buy him a bowling arm, a device that makes it easier for people with decreased muscle strength to achieve a sense of balance when bowling. They gave him lessons and Chris accepted the challenge, training for up to two hours each day for eight years after school and on weekends. The bowling arm, the lessons and his diligent approach catapulted Chris's bowling career to a gold medal in the International Bowls for the Disabled Championships in Sydney.

"I can't think of a prouder moment in my life," Chris says. "Not only had I represented Victoria for the first time in Adelaide at the Australian Championships in September, but I was then given the honour of representing my country." Chris now coaches local school students aged between 13 and 18 who come to the Benalla Bowls Club every week. He knows that his achievements and the potential success of his students would not have been possible without the support of the Benalla Bowls Club and its members.²⁹⁶

293. UMR Research Pty Ltd, "NSW Clubs in their Local Communities – A Case Study", commissioned by ClubsNSW, 27 February 2009

294. ClubsACT, Unpublished Case Study, "The Hellenic Club", March 2009 – see Appendix F

295. Ucomm, *Community Organisations Focus Group Report*, commissioned by ClubsNSW, July 2007, p. 26

296. ClubsVIC, *Hear Our Voices: Celebrating Clubs As Communities Serving Communities*, March 2008

6.8 SUPPORT FOR YOUNG PEOPLE

Although clubs are popularly perceived as venues for older people, they are strong supporters of children and young people.

Clubs work to provide a family-friendly dining and entertaining environment. While many pubs are unsuitable for a family meal, clubs are welcoming to parents and children alike, often providing extensive services such as crèches, games rooms and videos to help keep children entertained and provide a break for parents. For example, Twin Towns Resort has a 'Kidspace' for children visiting the Club. This provides fully supervised entertainment for the children. The space includes a theatrette, electronic games, sports area, 'sleeping cave' and snack bar. Kidspace is subsidised by the Club. This service provides a safe and secure environment for the children of members and their guests.

Clubs are also often the only venue in an area willing and able to host all-ages concerts and dance parties, meaning teenagers are able to see touring performers and socialise in a safe environment.

Through their charitable and community support, clubs also actively support initiatives to improve the lives of Australian youth. Most clubs provide funding and/or support for local schools, and for drop-in centres, sporting activities, drug, alcohol and nutrition education programs, and outreach services for young people who are homeless, have mental illnesses and/or other issues.

Other examples include:

- The Richmond Club joined with Hawkesbury police to create a project to benefit youth called 'Kokoda'. The project partners a local youth with a local police officer to complete the Kokoda Trail. More recently, this program has been developed into a mentoring tool for employees of the Club.
- The Richmond Club also supports Father Chris Riley's Youth off the Streets, having introduced a traineeship to allow young people to gain experience working in the hospitality industry. The Club also supports an intervention called Turning Point, a program for children who can no longer live with their parents.
- In 2007 Mingara Recreation Club established the Mingara Dymocks Literacy Foundation, a partnership with the major book retailer to purchase books to donate to schools, pre-schools and child-care centres across the Central Coast. In 2008 Mingara delivered over 2,500 books to eight community pre-schools and two special needs schools across the Central Coast. Mingara arranges for Mariners players and local MPs to read to local children, encouraging them to develop a love of books early in life.
- Mingara also offers a learn-to-swim school for young babies and a social opportunity for those mothers attending the program. Over 80 new mothers and their babies attend the club weekly on an informal basis, which provides the mothers with a safe, healthy social outlet and networking with other new parents.
- Maroubra Seals gives financial support (\$5,000 in 2008) to The Shack Youth Services, which provides support and entertainment for local youths.
- Maroubra Seals has funded a 'garage-gym' project to encourage younger 'beach kids' and young 'Bra Boys' to channel their energies into organised physical activities. Additionally, the Club hosted and funded a series of lunches for 49 young men, again with the aim of trying to instil in the boys an ethic of respect for themselves, their community and their future.
- Maroubra Seals donated \$15,000, and worked with local Police to send two young men from the above group to walk the Kokoda Trail. This is part of the Club's ongoing youth leadership campaign.²⁹⁷
- Of course, via the support of junior sport, millions of younger Australians are able to enjoy healthy participation in sporting activities.

6.9 PROMOTING SOCIAL CONNECTIONS

The club industry has also had a role in promoting multiculturalism in NSW alone 3 per cent of clubs are ethnic or religious orientated. Across Australia clubs provide a community ‘melting pot’ where people of different cultural backgrounds can mingle. One club manager has commented:

I don't think the Government has ever picked up and had a really clear understanding of the social impact the clubs do actually have ... I mean the fact that it's a multicultural area and to be able to get people from different cultures to be able to mix together and create an environment where they can mix together without conflict assists the government in not having to expend money in trying to resolve conflicts out in the public arena.²⁹⁸

Moreover, clubs actually provide facilities and services catering to that multicultural community's needs:

We have a solicitor once a month that comes in, so all these non-English speaking people – he can speak nine languages ... and he sits there and goes through all their legal paperwork and everything and there's a queue, a huge queue.²⁹⁹

CASE STUDY: CASA D'ABRUZZO, VICTORIA

Casa D'Abruzzo is a melting pot of experience and cultural influence which educates, inspires and guides younger generations of Australians with an Italian background. More than a third of the 390,000 Australians who migrated to Australia came from a small region a few kilometres east of Rome called Abruzzo.

Many were keen to maintain their culture and traditions and they formed a social club called Casa D'Abruzzo (House of Abruzzo). Casa D'Abruzzo caters to their needs, creating a relaxed environment for families to celebrate their heritage. It is a place where deep-seated traditions and passions are passed on to younger generations by community elders.

Members are driven by a strong sense of belonging and to do something that is worthwhile and positive, a sense of duty to keep traditions alive and a desire to attract first, second and third generation Abruzzi. Board members who worked together to renovate the facilities celebrate their connections with the wider community and the opportunities to enrich their own lives and those around them.

The board and other members see the club as a family, knowing that if it wasn't for Casa D'Abruzzo, elderly Abruzzi could be lonely people at home. Just like a family – especially an Italian family – women members gather to make traditional foods. Members work together through committees that are integral to club success, raising thousands of dollars for local charities, organising saint feast days, sporting events and competitions and holding other special dinners and events.³⁰⁰

298. Ucomm, *Managers Focus Group Report*, commissioned by ClubsNSW, July 2007, p.10

299. Ucomm, *Managers Focus Group Report*, commissioned by ClubsNSW, July 2007, p.15

300. ClubsVIC, *Hear Our Voices: Celebrating Clubs As Communities Serving Communities*, March 2008

CASE STUDY: THE HELLENIC CLUB, ACT

The Hellenic Club was founded by Canberra's Greek community in 1979. For the last three decades the Club has, through its community contributions, promoted Greek language, culture and heritage, sport, and the care of the elderly including:

- St Nicholas Home for the Aged - The Club helps pay running costs for the Home's operations, whose residents include those of Greek descent and a variety of cultural backgrounds. Last year, in addition to the annual support provided, the Club made a significant monetary contribution of \$75,000 towards the building of a car park.
- St Nicholas Greek pre-school - This year, in addition to the annual support provided to fund the operational costs, the Club provided an additional contribution of \$30,000 for the refurbishment of the pre-school.
- The Greek Glendi - This event is a feature of the National Multicultural Festival and showcases Greek cuisine and the diversity of Greek music and the arts, with live music and dancing performances. Funds raised are distributed to the St Nicholas Bilingual Preschool and the St Nicholas Afternoon School teaching Greek as a second language to children.³⁰¹

6.10 VOLUNTEERING

A further measure of clubs' contribution to social capital is through the level of volunteering.

It would not occur to many volunteers closely involved in the operation of a registered club that their time is worth assigning a dollar value to, or indeed that they were making an important contribution to the social fabric of their community. However, there is a growing awareness that volunteerism is integral to establishing and maintaining social networks and cohesion and to delivering services that the community needs.

Volunteering contributes to social capital in two main ways. First, it provides significant benefit to the volunteers themselves by increasing their sense of belonging and contributing to their community, by facilitating new friendships, and by developing and maintaining skills. This is especially important for older volunteers, who may not wish or be able to continue to work full time, or at all, but derive enormous benefit from regular voluntary work.

The second aspect is in the value of the work contributed by the volunteers. Clubs act as an important catalyst and organising force for people to find 'causes' to which they can devote themselves.

One noteworthy aspect of volunteering in the club industry is that those who volunteer do so for a long period, especially in the case of directors. This has both benefits and risks for clubs. Benefits include experience, continuity and 'corporate memory'. Risks include lack of fresh ideas and renewed energy, entrenched attitudes and skills deficiencies.

Figure 6.3 outlines the trend for club directors to volunteer over long time periods.

Figure 6.3: Directors – time in industry

AGE GROUP	LESS THAN 5 YEARS (%)	6 - 10 YEARS (%)	11 - 15 YEARS (%)	16-20 YEARS (%)	MORE THAN 20 YEARS (%)
< 40	14	19.8	31.4	27.9	7
41-50	5.1	10.2	13.3	32.7	38.8
51-60	13.5	5.6	13.5	14.6	52.8
61-70	12	4	4	0	80
70+	0	0	0	0	0
Total	22.1	27.9	17.5	10.4	22.1

Source: ClubsConsulting, Managers and Directors Survey, 2006, p. 35.

In the Final Report of its Review of the NSW Clubs Industry, IPART stated that: “IPART considers it essential that clubs continue to involve and retain volunteers.”³⁰²

(A) NATIONAL STATISTICS

The significance of clubs in respect of volunteering nationally can be seen in the 2006 ABS report on voluntary work. Two types of organisations together claimed almost half of all volunteer hours: sport/physical recreation (26 per cent) and community/welfare (19 per cent). Together with religious (17 per cent) and education/training (10 per cent) organisations, they accounted for almost 75 per cent of all volunteer hours. These four categories were also the largest in terms of the number of volunteer involvements.

The ABS also casts light on gender variations. Male volunteers were most likely to be involved in sporting or recreational organisations. For females, community/welfare organisations involved the largest number. Although there were slightly more female (36 per cent) than male (32 per cent) volunteers overall, there were many more male involvements than female in the fields of sport/recreation and emergency services.³⁰³

According to The Allen Consulting Group’s 2004 and 2007 SEIS, between 1999 and 2007 the number of volunteers in NSW clubs fell from 59,904³⁰⁴ to 44,000,³⁰⁵ while the number of volunteer hours increased significantly, from 2.8 million to 6.3 million hours in 2007.

This reflects, in part, the difficulty experienced by clubs in attracting volunteers. This is also an issue experienced more broadly in the community. In its 2007 Survey of Volunteering Issues, Volunteering Australia found that a significant number of organisations experience barriers in involving volunteers.³⁰⁶

302. Independent Pricing and Regulatory Tribunal of NSW, *Review of the Registered Clubs Industry in NSW*, Final Report, June 2008, p.64

303. Australian Bureau of Statistics, 4441.0, *Voluntary Work Survey*, 2006

304. The Allen Consulting Group, *Socio-Economic Impact Study of Clubs in New South Wales (2004)*, April 2004, p.37

305. The Allen Consulting Group, *Socio-Economic Impact Study of Clubs In New South Wales (2007)*, February 2008, p.51

306. Volunteering Australia, *National Survey of Volunteering Issues*, 2007

(B) NEW SOUTH WALES

IPART's valuation of clubs contribution included volunteers. The Allen Consulting Group estimated that in 2007 there were 44,000 club volunteers in NSW, committing over 6.3 million hours of their time as club directors, assisting with trading activities or organising sporting and community events. This contribution is estimated to be worth approximately \$126 million.³⁰⁷ The Allen Consulting Group recognised this is a conservative estimate given the difficulties clubs have quantifying the contribution made by volunteers. Moreover, directors represent only a fraction of the volunteer complement. Each sub-club has its own group of volunteers, including coaches, event organisers, and many others who contribute their time and efforts.

(C) AUSTRALIAN CAPITAL TERRITORY

Clubs in the ACT provided opportunities for at least 2,553 volunteers in 2007, who contributed a total of at least 186,243 hours.

In addition, in recognition of the role played by volunteers in the community, the Canberra Labor Club Group's largest recipient of support is Volunteering ACT, the peak body for volunteer organisations in the Territory, which coordinates and facilitates large number of community members. Groups specifically targeted by Volunteering ACT's own programs are at-risk youth and seniors.

Total support provided by the Labor Club Group last year was \$234,500, of which \$135,723 was a cash contribution. The Club Group provides unlimited free use of its office building to ensure that Volunteering ACT has the infrastructure and administrative capacity required to facilitate its numerous programs.³⁰⁸

Figures for the other jurisdictions are unavailable at the time of writing. However, volunteers play a crucial role in each State and Territory and particularly the other jurisdictions which have smaller average club sizes, because smaller clubs tend to rely more heavily on volunteers.

(D) QUEENSLAND

Preliminary figures from the Queensland Club Movement's socio-economic impact study indicate clubs in that State facilitate and support 5.097 million volunteer hours per year, with a monetary equivalent value of \$109 million.³⁰⁹

(E) BARRIERS TO INVOLVING VOLUNTEERS

The 2007 National Survey of Volunteering Issues³¹⁰ found that 51 per cent of organisations experience barriers to involving volunteers. This includes attracting and retaining suitable volunteers, skills and training, and costs and administration associated with complying with legislative and procedural requirements. This is consistent with the experience of many clubs.

307. The Allen Consulting Group, *Socio-Economic Impact Study of Clubs In New South Wales (2007)*, February 2008, pp.42-43, 53

308. ClubsACT, *Unpublished Case Study, "Canberra Labor Club"*, March 2009

309. ClubsQueensland, *Submission to the Productivity Commission Review of Australia's Gambling Industries*, March 2009

310. Volunteering Australia, *National Survey of Volunteering Issues*, 2007

Federal privacy legislation and Federal and State security laws have sometimes been applied excessively, as illustrated in the following comment by a club director during a Ucomm Focus Group:

...if you do anything with junior sport there's the police checks, there's all these things that are now being imposed on the community of volunteers. Meals on Wheels and all those people. We've got a dance group within our club that goes around to dance for nursing homes and things like that. They got a letter and they've all got to go and have a police background check. How stupid. They're not going to go around to nursing homes knocking off little old ladies. They go along there, they invited them to come and dance, the Mercy Home, they go out there for a couple of hours, give some lovely entertainment for a group of old and disadvantaged people. And they're saying I'm not going to go for a security check and they're just walking away from it. And it's going to happen all over the place and that's just stupidity of government. There is probably a need for it in some areas, but they target the wrong sort of thing.³¹¹

Clubs – and in turn their ability to build social capital – would benefit from assistance in overcoming these burdens and revising unnecessary regulation to remove red tape to attracting volunteers.

6.11 CLUB TAX

It should be remembered that clubs' considerable tax burden, and particularly gaming tax, plays a significant role in building social capital in Australia. The more than \$1 billion in tax paid each year in revenue to the States, Territories and the Commonwealth allow the governments to provide extensive social services for the population, including education, health and policing. In this way, every resident of Australia benefits from clubs, even if they do not frequent them.

6.12 CLUBS ARE SAFE VENUES

Clubs are safe venues – whether for socialising, drinking, gambling or all of the above. As per their founding legislation, clubs exist primarily to provide entertainment, leisure and a social centre for their members and guests. This factor, together with clubs' not-for-profit nature, ensures they are diligent in the responsible service of alcohol and gaming, committed to being good corporate citizens in their local communities, and highly sensitive to antisocial behaviour. Clubs have always enforced strict standards of conduct and have traditionally worked actively and effectively with other stakeholders to combat local problems linked to alcohol.

Caring for children and family members is also important: 26 per cent of Victorian clubs provide playrooms and playgrounds, while 30 per cent of clubs have courtesy buses.³¹²

Clubs work hard to ensure safe alcohol consumption and reduce risky drinking and gambling behaviours. It can be safer to drink in a club where there is supervision, a positive social atmosphere and intervention by staff to prevent drinking to intoxication, than in the home and/or in isolation.

311. Ucomm, *Directors Focus Group Report*, commissioned by ClubsNSW, July 2007, p. 37

312. Percentages calculated on data obtained from 88 ClubsVIC member clubs

Consistent with the contention that clubs are relatively safe places to socialise, in 2006 the City of Sydney Council published a discussion paper on night trading premises, concentrating on licensed premises.³¹³ The paper demonstrates the responsible nature of clubs, as it identifies that the most problematic licence types are hotels and nightclubs. Clubs are not considered problem or high-impact premises primarily because they effectively manage antisocial behaviour and operate responsibly within the existing framework.

Further, research conducted by the NSW Bureau of Crime Statistics and Research on young adults' experience of responsible service practice in NSW points towards clubs' responsible service of alcohol. The research found that in 2006 more than half (53.5 per cent) of survey respondents who partook in risky drinking reported that the type of licensed premises they had been drinking at was a hotel. This compares with 18.3 per cent of respondents who stated they had been drinking at a registered club.³¹⁴

Clubs are vigilant in the prohibition of under-age drinking; minors are far more likely to obtain alcohol from friends or family than directly from a club.³¹⁵ It is also well documented that young people who are involved in organised sport are much less likely to engage in under-age drinking, drug abuse and other antisocial behaviour. Clubs provide young people with a wealth of recreation and sporting facilities, offering a healthy alternative to under-age drinking.

Another example of clubs taking an active role to mitigate the harms associated with alcohol abuse relates to drink driving. In NSW, clubs have an alliance with the NRMA to combat drink driving. This has so far seen the implementation of over 20 breath-testing units in clubs as well as a 'Think Before You Drive' drink coaster campaign over the 2007 Easter period. Clubs individually are also involved in youth driver education programs that yield benefits for the broader community in terms of safer road conduct

Government policy, programs and public education campaigns need to increase their focus on personal responsibility, extending not only to the impact of alcohol consumption or abuse on drinkers themselves but also its effects on others, including friends, family, employers and the broader community. In many cases alcohol abuse is a symptom, not the root cause of problems. It is therefore essential to address the core issues underlying irresponsible drinking and gambling, such as mental illness, family breakdown and increasing isolation in our society.

313. City of Sydney Council, *Draft Discussion Paper: Night Trading Premises*, May 2006

314. New South Wales Bureau of Crime Statistics and Research, *Young adults' experience of responsible service practice in NSW: An Update*, January 2007, p. 3

315. Eighty-one per cent of minors obtain alcohol from a friend or family member, with only 5 per cent purchasing it themselves according to the National Drug and Alcohol Research Centre: "Under-age overproof", *The Australian*, 22 July 2003, p. 9

TERM OF REFERENCE:

The social impacts of the gambling industries, the incidence of gambling abuse, the cost and nature of welfare support services of government and non-government organisations necessary to address it

6.13 PROBLEM GAMBLING

PC: Have the nature and extent of the costs of problem gambling on individuals, their families and the wider community changed since 1999? If so, in what way? What factors have contributed to any changes?

6.13.1 DECLINE IN PROBLEM GAMBLING PREVALENCE

There is evidence that the incidence of gambling abuse in Australian land-based gaming venues has declined since the release of the 1999 Report. This is addressed in detail elsewhere in ClubsAustralia's submission.

ClubsAustralia is not in possession of detailed costing or information that could allow a critical analysis of welfare support services. However, consistent with our observation regarding a declining incidence of gambling abuse, it is understood that the demand for counselling and associated services is indicating signs of decline.

In the case of New Zealand, which has experienced significant anti-gaming machine media coverage in the recent past, the issue of problem gambling welfare service costs were also recently brought into focus. The New Zealand Government announced that it was "moving to consolidate problem gambling services after a downturn in problem gamblers seeking help."³¹⁶

This was of course followed by strong criticism from certain quarters, and the exact reasons for the downturn are not known, with suggestions that contributing factors may have included a smoking ban in 2004, legislation and a public awareness campaign.³¹⁷ More recently, there has been a slight reported increase in the use of the Gambling Helpline; however, this also coincided with an active "social marketing campaign around problem gambling."³¹⁸

The NSW G-Line problem gamblers helpline, which operates '24/7', has also experienced a declining trend in the number of callers seeking assistance.

Figure 6.4: NSW G-Line calls

Year*	Target calls
2004	11,774
2005	9,856
2006	9,292
2007	8,048
2008	6,595

* Year end December

316. New Zealand Ministry of Health, Media release: "Problem Gambling Consolidation", 28 November 2006

317. "Gambling downturn triggers review of help services", *The New Zealand Herald*, 29 November 2006

318. New Zealand Gambling Helpline Press Release, Tuesday 24 April 2007

While there may be some conjecture about the influence of the smoking ban which was introduced in NSW on 1 July 2007, it is important to note the downward trend was present well before the ban and has continued since the ban. This trend has occurred despite increased spending on promotion of the counselling service.³¹⁹

It is also noted that claims have been made that only 15 per cent of problem gamblers utilise these services.³²⁰ However, the type of people calling the helpline are more likely to be persons that may have issues with gambling, or have experience of someone with a problem, than surveys which randomly select participants from the general population. In our view, while it may be that only 15 per cent of actual problem gamblers seek assistance from services such as G-Line, the fact that the number of calls is trending down is significant.

Since the Productivity Commission's 1999 Report and following the NSW IPART Report into Gambling,³²¹ the NSW Government has taken significant steps to review and implement controls in the delivery of problem gambling services funded by the Responsible Gambling Fund³²². In our view this can be regarded as a constructive and targeted attempt to address problem gambling.

ClubsAustralia is not suggesting that the cost of problem gambling services is excessive; however, it is suggested that alarmist media headlines such as "Gambling spins out of control with poker machines"³²³ or "Problem gambling a 'root cause of homelessness'"³²⁴ generate and perpetuate an impression that problem gambling is increasing and out of control, whereas in our view the evidence simply does not support this view and in fact suggests the opposite. As in the case of New Zealand, perhaps the issue now seems to be how to more effectively target the resources being applied.

6.13.2 GAMBLING AND ITS IMPACTS ON SIGNIFICANT OTHERS

Gambling is popularly cited as a cause of family breakdown. However ClubsAustralia suggest that it is extremely difficult to determine with accuracy the number of people affected by problem gambling.

ClubsAustralia commissioned Dr Rohan Miller to review the gambling studies undertaken by State and Territory authorities since the Productivity Commission's last report in 1999, to investigate the possible effect that individuals with gambling related problems may have on their 'significant others' (that is, family and friends).

This review was undertaken based on the assumptions and data used to estimate the prevalence of gamblers who report SOGS 5+ or CPGI 8+ and the effect of their activities on significant others.

AUSTRALIAN CAPITAL TERRITORY

The ACT 2001 study used the SOGS questions (in a 12-month timeframe) as the primary screening tool for problem gambling prevalence. It also included measures of HARM, as used in the Productivity Commission 1999 study.

This study reported that about 25 per cent (n=15) of ACT problem gamblers had their job adversely affected by gambling or felt that they had less time to spend with their families. These two questions were separate items in the survey, yet were combined in the report, so it is not possible to identify if they are the same respondents for both items. As this response reflects great ambiguity, it should be disregarded.

The report also suggests that ACT respondents were more likely to experience relationship breakdown as a result of their gambling than Australians overall. However, as the report does not provide actual data and only provides percentage results rather than any significance testing, and it is not possible to explore if this result was due to the size of the sample, further analysis was not able to be undertaken. The sample size should be adequate to provide a high probability of detecting as significant an effect size of a given magnitude if such an effect actually exists.

319. New South Wales Minister for Gaming and Racing, Media release "Budget tackles liquor hotspots and problem gamblers", 3 June 2009

320. NSW Minister for Gaming and Racing, in "The gambling helpline that too few people know about", *The Sydney Morning Herald*, 22 September 2007

321. Independent Pricing and Regulatory Tribunal of NSW, *Gambling: Promoting a Culture of Responsibility, Final Report*, June 2004

322. "\$2.4 million To Fight Problem Gambling" reported at <http://www.racingandsports.com.au/racing/rsNewsArt.asp?NID=148197>

323. Michael Warner, *The Herald-Sun*, 31 January 2008

324. Daniel Hoare, ABC News, Tuesday 29 January 2008

NEW SOUTH WALES

The CPGI gambling suggests respondents may be dissected into the groups of 'low risk', 'moderate risk' and 'problem gambling'.

However, the New South Wales 2006 study elected to combine two groups; at-risk gamblers are referred to throughout the report, and they are a net of moderate and problem gamblers. Moderate risk respondents are CPGI 3-7 and problem gamblers are CPGI 8+. The 2006 report states that 32 per cent of the population indicates exposure to problem gambling through an interpersonal relationship.

However, in terms of items sacrificed for gambling money among all gamblers to spend on family, the result is consistent for all groups at 5 per cent. This is regardless of whether the respondent is at non-risk or with a CPGI 8+. Importantly, the report also suggests caution when reviewing these data as the sample is so small in the subset for gamblers with a CPGI of 8+.

NORTHERN TERRITORY

In 2005 the prevalence of gambling in the NT was measured by both the South Oaks Gambling Screen (SOGS) and the Canadian Problem Gambling Index (CPGI).

However, while community attitudes are reported extensively, the examination of the effect of gambling on others was not addressed.

The results of community perception of the net community benefit of gambling across all gambler types at the national and NT levels remained similar.

The report suggests that the net community benefits of gambling may be relatively consistent across jurisdictions and across time. This, however, is only explored in the NT and national context so no claim can be made in this regard.

QUEENSLAND

In Queensland, all three studies used the Canadian Problem Gambling Index (CPGI) as the problem gambling screening tool.

For the 2001, 2003–04 and 2006–07 Queensland Household Gambling Surveys, nine CPGI questions were scored to determine the gambling group of each survey respondent.

The reasons provided in the Queensland studies for weighting variables were: first, to gain results based on the population rather than the sample – for example, to make estimates about the 2.9 million Queensland adults from the 29,923 sampled in the survey – and, second, to adjust for differences in probability of selection so that people with a higher probability of being in the sample do not have a greater influence on the result than people with a lower selection probability.

Taking the results of 0.47 per cent, the percentage was extrapolated to the entire adult population, suggesting that 14,000 people may have scored eight or more in the CPGI questions had they taken the survey.

The Queensland report acknowledges that due to the small numbers of gamblers who scored 8+ with the CPGI, many of the figures in the forms of gambling need to be interpreted with caution. Disappointingly, the actual numbers of respondents in 8+ CPGI are not provided in the report.

Emotive language has been used to report the possible effects on significant others. Using terms such as “notable finding” when 17 per cent* reported the break-up of an important relationship because of gambling (with relative standard error of between 25 per cent and 50 per cent). The accuracy of such claims is subject to attribution bias (easier to blame gambling than other relationship shortcomings in themselves) and is considerably lower than the national rate of divorce.

The report did identify data which are less than reliable: figures with a relative standard error between 25 per cent and 50 per cent are marked with an asterisk*, and figures which have a relative standard error exceeding 50 per cent are marked with a double asterisk**.

Further, users of the Queensland report were advised to exercise caution when interpreting results marked with * or **.

In this report, data with high relative standard errors have usually occurred when analysing small sub-populations such as regions or the problem gambling group.

VARIABILITY OF ESTIMATES

The Queensland studies employed 95 per cent confidence intervals for the percentages reported in the various tables. These intervals represent the range within which there is a 19/20 chance that the population value falls. For example, an estimate of 65 per cent might have an associated confidence interval of 59.5 per cent or 70.5 per cent. Thus, the probability that the actual population value of that proportion is between 59.5 per cent and 70.5 per cent is 0.95. When comparing estimates, differences are considered 'statistically significant' only if the 95 per cent confidence intervals do not overlap.

SOUTH AUSTRALIA

The 2005 South Australian study reported the impacts of 240 respondents who measured CPGI 3–7 and CPGI8+ in relation to family and interpersonal impacts, family interests and if an important relationship had broken up as a result of gambling.

The 55 respondents who reported that they had children aged under 16 were also asked if gambling had reduced the time spent with their children.

Overall, while it was reported that 5 per cent of respondents experienced a break-up of an important relationship because of their gambling, this equates to 13 respondents. No further statistical analysis was conducted.

It is therefore not possible to assess whether the deterioration in family relationships may have occurred by chance or misattribution of why the relationship deteriorated (that is, blaming gambling as a soft target). It should also be noted that the figure is below the national rate for divorce.

TASMANIA

In the 2007 Tasmanian study, comparative analyses were undertaken to examine trends in responses to questions relating to the effect on significant others.

In 2007, 50 per cent (or 2,027) of respondents claimed to know someone experiencing serious problems with gambling, which was an increase from 2005 (42 per cent). It is unclear whether or how merely knowing someone has any adverse impact.

In total, it was reported that 12.8 per cent of the total sample identified at least one family member as having a gambling problem. These figures are similar to those obtained in 2005 (12.2 per cent) and 2000 (12.3 per cent).

VICTORIA

In a 2003 Victorian study, in which the newly developed Victorian Gambling Screen (VGS) was used for the first time, the prevalence rates for the respondents (regular gamblers n=433) measured by the three screens ranged from 0.74 per cent (VGS 21+) and 0.97 per cent (CPGI 8+) to 1.12 per cent (SOGS 5+). Note: The validation of the VGS had been completed and this was the first and only time this screen has ever been employed.

It is reported that approximately 13 per cent of respondents live alone, which is slightly higher than the State average. It is not clear whether this is any harmful activity in itself or was attributed to gambling.

The report also suggests that many others may be affected on a daily basis, but the GRP supply no data to support this claim.

From a total sample for the survey (n= 1,758), regular gamblers respondents (n=433) and only 68 (weighted) gamblers with 0.74 per cent (VGS 21+), 0.97 per cent (CPGI 8+) to 1.12 per cent (SOGS 5+) were reported. This makes any difference highly unreliable, and it is not clear from the data whether differentiation of gender or age is caused by gambling prevalence scores. However, the following differences between the effects of problem gambling for males and females, and for different age groups, are reported:

- A larger proportion of male gamblers (20 respondents; reported as 40.5 per cent) than female (eight; reported as 29.6 per cent) reported that gambling had impacted on the amount of time spent with families during the previous 12 months. A large proportion of problem gamblers aged 25–49 experienced these problems (which is 18:17).
- A substantially higher proportion of males (20, or 48.8 per cent) than females (three, or 11.5 per cent) had experienced problems at work.
- However, female problem gamblers in Victoria are more likely to lose a job due to their gambling (one, or 3.7 per cent), which equates to one person.
- A much higher proportion of females (four, or 15.4 per cent), especially in two age groups (18–24, 35–49), had also experienced problems with relationships than had male problem gamblers (three, or 7.1 per cent).

We are unsure whether and how the prevalence screens were used in this report. Assuming the data were aggregates, the results of 68 respondents, employing emotive language and at times basing statements on one response, suggests gambling has an adverse impact on significant others.

At the least it is very misleading, and no statistical analysis has been undertaken (perhaps because the sample set is far too small).

Because respondent numbers who exceed the screens' various cut-offs are very low, it is not possible to drill down very far to discover any real impacts. Although there is emotive language often used, there is very little data in the Australian prevalence studies since the 1999 study to suggest there is any significant impact on 'significant others'. Moreover, it is very difficult to quantify harm to significant others. This is certainly the case with most studies because there is insufficient data. In many instances, the issue of significant others is totally overlooked (suggesting it is not a concern).

Moreover, as many people with problems claim to gamble to "self-medicate", then there is a strong possibility that gambling can also assist relationships, rather than harm them.

While ClubsAustralia does not dispute that the family and friends of people with problematic gambling habits are affected by their behaviour, in general the evidence that gambling adversely impacts significant others appears to be extremely limited and unreliable.

6.13.3 DIFFERENCES BETWEEN RECREATIONAL AND PROBLEM GAMBLERS

PC: What kinds of consumer issues may arise from gambling and how best should policy deal with them?

ClubsAustralia believes that consumers should have information that allows them to make their own decisions. It is also important to draw a distinction between problem gamblers and recreational gamblers, the latter group making up the overwhelming majority of gamblers.

ClubsAustralia is concerned that discussion and research into both problem gambling and gambling generally has been overcome by what Dr Rohan Miller calls an inaccurate 'deviant paradigm'. This is a general habit of tarring with the same 'problem gambler' brush everyone who participates in gambling – and especially those who use gaming machines.

6.13.4 GAMBLING IS NOT A DEVIANT BEHAVIOUR

The simple truth is that the vast majority of gamblers enjoy gambling as a form of entertainment, like any other. As with any form of consumption or pastime – food, alcohol, even shopping or exercise – there is of course such a thing as 'too much', but there is nothing inherently wrong with gambling as an activity, or with the people who participate in it.

This view of gambling is prevalent among anti-gambling campaigners driven by religious conviction and the firmly held belief that gambling is sinful. Although this motivation is mostly not admitted publicly (in fact some anti-gambling advocates, like the Reverend Tim Costello go to great lengths to explain that they are not wowers) it is clearly evident. The extent to which this is the case can be seen by the 2007 decision of the Anglican Church in Sydney to ban fundraising raffles because they were considered a form of gambling.

People who gamble are not deluded. They choose to do so in knowledge of their basic odds and are content to 'budget' a 'spend' amount. Indeed, the price sensitivity of the market demonstrates gamblers' strong innate awareness of the rate of return.

As noted by the Centre for Independent Economics:

As the Productivity Commission put it in 1999 (section 5.1), "In many respects the gambling industries are like any other industry." As with most products and services, gaming machines are used mainly because people enjoy using them. This is the case for the majority of users of gaming machines and other forms of gambling (Australasian Gaming Council 2008). But the use of gaming machines is addictive and harmful to some. In this respect gaming machines share many of the attributes of products such as alcohol or tobacco.

In understanding the gaming machine industry it is useful to categorise users of gaming machines into problem gamblers and recreational gamblers. While the dividing line between these groups is fuzzy, this categorization allows the positive aspects of gaming machines (enjoyment by recreational gamblers) to be balanced against the negative aspects (problem gambling). An expanding and innovative industry is a positive outcome if it is built on increasing recreational gambling. Innovation and expansion due to increased numbers of or spending by problem gamblers, is, on the other hand, a negative outcome. Unfortunately, the data to understand changes in the industry according to these categorizations is typically not available.³²⁵

In a historical examination of this ‘deviant paradigm’, Dr Rohan Miller states:

Most early research investigating gambling (which was banned in most jurisdictions) assumed gambling was a form of deviant consumption.^{326,327,328} It is obvious that this “deviant paradigm” still pervades the gambling debate in Australia and is inherent in much research related to gambling.

Underpinning the “deviant paradigm” in gambling research is the notion that gambling behaviour is somehow driven by faulty or flawed cognition. The “deviant paradigm” is condescending and demeaning to the vast majority of Australians who choose to participate in gambling consumption, and in particular the one-third (approximately) of all Australians over the age of eighteen years who choose to participate in electronic gaming machine entertainment.

It is stressed that electronic gaming machine consumers should not be at risk of being stigmatised or be adversely depicted in any way through this Inquiry. The Productivity Commission must be mindful that gamblers are not undertaking any inappropriate or illegal activity and should be depicted justly and fairly at all times.

DIFFERENT GAMBLING PRODUCTS EVOLVE OVER TIME

The Productivity Commission chose not to include lottery products in their research for products associated with problem gambling and in doing so legitimised lotteries as a non-deviant form of consumption. However, many of the early claims about problem gambling pertain to lotteries. For example, De Balzac observes that in the 19th century, lotteries were universally condemned: “No-one has realised that it is the opium of poverty.”³²⁹

Similarly, Weiss and Weiss comment that by 1800, the poorer classes in the American colony had become “lottery addicts” and lotteries were generally regarded as a consumer vice and were typically banned in the USA.³³⁰ Indeed, some States in the USA still prohibit lotteries and many US States waited until the 1980s before introducing lotteries due to these concerns. Adding support to the notion that lotteries are not always considered a benign consumer product, Wood and Griffith claim that Gamblers Anonymous reported a 17 per cent increase in calls within the first year after the UK’s National Lottery began in 1994.³³¹

Products typically have lifecycles and over time a substantial body of evidence suggests the consumption of many products becomes habitual. If the “opium of poverty” can transform into a benign consumer product, then time and societal learning suggest electronic gaming machines are in transition to be considered similar to lottery products (they are, after all, forms of gaming).

The evidence demonstrates there is a very low level of gambling related issues, and prevalence is clearly declining over time.

Thus, Dr Miller suggests, although some have a perception of gaming machines as inherently dangerous, this is largely a social construct directed at the (relatively) novel and a natural part of the product’s evolution.

326. Zola, Irving K, “Observations of Gambling in a Lower-Class Setting”, *Social Problems* Volume 10, Issue 30, 1963, pp.353-361

327. Henslin, James M, “Craps and Magic,” *American Journal of Sociology*, 73, 1967, pp.316-330

328. Bloch, Herbert A, “The Sociology of Gambling”, *The American Journal of Sociology*, Volume 57, Issue 3, November 1951, pp.215-221

329. DeBalzac, Honore, *The Black Sheep*, Penguin, (translated by Donald Adamson), London, 1970 (Translation date, not first publication), p.88

330. Weiss, HB and GM Weiss, *The Early Lotteries of New Jersey*, Past Times Press, Trenton, NJ, 1966

331. Wood, Richard T.A and Mark D Griffiths, “The Acquisition and Maintenance of Lottery and Scratchcard Gambling in Adolescence,” *Journal of Adolescence*, Volume 21, 1998, pp.265-273

6.13.5 AT-RISK AND PATHOLOGICAL PROGRESSION

Another, related recent trend in problem gambling research is the concept of a pathological progression of gambling problems (as occurs in physiological medical conditions).

This has framed some researchers' conceptualisation of those who are 'at risk' with an inaccurate belief that gambling problems figure on a continuum, and a misuse of 'problem gambling' data and screening instruments to extrapolate estimates of the rate of 'at risk'.

ClubsAustralia questions the assumption that at risk gamblers move along a continuum to become problem gamblers and cautions against developing policy designed to stop this assumed progression.

A discussion of this trend by Dr Rohan Miller follows.

THE CONCEPT OF PATHOLOGICAL PROGRESSION

One of the schools of thought pertaining to gambling research suggests a medical or disease model. This approach is encapsulated in the American Psychiatric Association's Diagnostic and Statistical Manual's gambling screen (DSMIV).

The term "pathology" typically refers to scientific study into the nature of disease and its causes, processes, development, and consequences. The concept of pathological progression refers to a sequence through which a disease intensifies or develops.

The concept of pathological progression is typically applied in the physiological disciplines, particularly under the umbrella of biomedicine such as genetics,³³² cancer research,³³³ urology,³³⁴ immunology,³³⁵ anatomy,³³⁶ and in specific areas of pathology such as Parkinson's Disease.^{337, 338}

It must be reiterated that the DSMIV is a screen of ten questions that must administered in a clinical environment by trained personnel. The APA is emphatic on the issue that a trained clinician is used to administer the DSM for the results to have any reliability and meaning.

To be diagnosed as a "pathological" gambler, respondents must answer five or more of the ten questions affirmatively. These scales have no provision other than the five item cut-off. That is, according to the DSM, people are either classified <5 and do not have problems, or are 5+ and may have problems. There is no scope for progression. Thus, applying the concept of pathological progression would be inappropriate and inconsistent with the APA's conceptualisation of pathological gambling.

The SOGS was validated against the DSM and designed for use in a clinical environment. The conceptualisation and validation of these diagnostic tools makes no provision and does not consider the concept of progression or "at risk" in their composition.³³⁹

Given the stated purpose and protocols of the SOGS and DSM scales, the burden of proof lies with those who want to use clinical diagnostic tools outside their intended purpose to prove they are accurate and reliable indicators of pathological progression and "at risk". Without substantive theory and supporting empirical evidence proving otherwise, the notion that the SOGS and DSM can be used to show pathological progression must be rejected.

332. Carafoli, E and M Brini, *Calcium Signalling and Disease: Molecular Pathology of Calcium* Springer, 2007, p.450

333. Kaspers, Gertjan JL, Michael C Heinrich and Bertrand Coiffier, *Innovative Leukemia and Lymphoma Therapy*, Informa Health Care, 2008

334. Makarov, D, E Humphreys, L Mangold, P Walsh, A Partin, J Epstein, and S Freedland, "Pathological Outcomes and Biochemical Progression in Men With T1c Prostate Cancer Undergoing Radical Prostatectomy With Prostate Specific Antigen" *The Journal of Urology*, Volume 176, Issue 2, 2005, pp.554-558

335. Welsh MD, RT Cunningham, DM Corbett, RM Girvin, J McNair, RA Skuce, DG Bryson and JM Pollock, "Influence of pathological progression on the balance between cellular and humoral immune responses in bovine tuberculosis", *Immunology*, Volume 114, Issue 1 January 2005, pp.(1):101-11

336. Hurst, JW and RC Schlant, *The heart, arteries and veins*, McGraw-Hill Information Services Co, Health Professions Division, 1990

337. Halliday, G, "Clarifying the pathological progression of Parkinson's disease", *Acta Neuropathologica*, Volume 115, Number 4, April 2008, pp.377-378

338. Molina, JA, MJ Sainz-Artiga, A Fraile, FJ Jimenez-Jimenez, C Villaveva, M Orti-Pareja, F Bermejo-P, "Pathological Gambling in Parkinson's Disease: A Behavioural Manifestation of Pharmacological Treatment?" *Movement Disorders*, Volume 15, Issue 5, 2000, pp.869-872

339. Lesieur and Blume (1987) make no reference that can be construed as "pathological progression" or "at risk" other than the 5+ cut-off. However, they do warn the sensitivity and specificity may fluctuate in other populations.

CREATING A MYTH

Attempts to translate SOGS or the DSM to encapsulate the concept of pathological progression are deficient in theory and lack empirical justification.

Nonetheless, it is interesting to see how a concept can be misconstrued and grow to become a powerful myth.

The popularisation of the myth that gambling related problems lie on a continuum began in 1999. The Productivity Commission makes use of a reference in a comparatively new gaming law journal and assumes the content of the paper must be valid and factual. In fact, the reference pertains to a footnote in the paper which is reproduced below:³⁴⁰

"There are ongoing debates about the appropriate language to use in referring to the difficulties that individuals experience in relation to their involvement in gambling. There are also debates about the best way to measure this phenomenon. In this article, we define "problem gambling" as any pattern of gambling behavior that negatively affects other important areas of an individual's life, such as relationships, finances or vocation. The mental disorder of "pathological gambling" lies at one end of a broad continuum of problem gambling behaviour."

The footnote refers to the difficulty in defining terms to describe differences in the gambling debate to differentiate between the terms problem and pathological.

There is no research evidence or theory to support the footnote and establish a continuum or progression exists.

The lesson of this myth is that an organisation with a reputation for objectivity and quality research should be exceptionally cautious about transporting a concept from the physiological disciplines to an area of psychology without considering the theory or reference to any empirical evidence.

Indeed the Productivity Commission suggested in 1999:

"The mental disorder of "pathological" gambling lies at one end of a broad continuum of problem gambling behaviour (Volberg et al. 1998, p. 350)."

Although the concept of pathological progression is employed as a method of tracking the progress of disease within the context of biomedicine, when viewed from a psychological perspective, the concept of pathological progression is highly subjective.

In short, the concept of pathological progression has not been proven.

The present debate surrounding the accuracy of the gambling screens with respect to establishing a suitable cut-off point (please refer to the sections examining SOGS for this discussion) suggests there are considerable obstacles to establishing pathological progression utilising existing tools. Specifically, the tools used to measure gambling prevalence are just too crude to accurately measure any changes or progression. In contrast to many physiological disciplines where change or progression can be "physically" determined, gambling diagnostic tools rely exclusively on responses to questions.

Repeatedly asking the same questions is extremely problematic and cannot be recommended to assess changes in pathological stage related to gambling. Hence, different measures will be required to assess pathology, and even these may present substantive measurement effects that will need to be managed. At present, the concept of "pathological progression" remains only a concept in the gambling debate, and has not been validated empirically.

340. Volberg, Rachel A, WL Moore, EM Christiansen, WE Cummings and SM Banks, "Unaffordable Losses: Estimating the Proportion of Gambling Revenues Derived from Problem Gamblers," *Gaming Law Review*, Volume 2, Issue 4, November 1998, pp.349-360

Moreover, gambling research is deficient in having too few longitudinal studies, and the authors know of no panel data that can or has been used to establish pathological progression has ever existed in the gambling context.

Considerable literature is also being developed that there are multiple pathways to pathological gambling,³⁴¹ and it is entirely possible that entry and exit to a pathological stage lies external to screens such as SOGS. This literature also facilitates our observation that progression remains a concept not yet empirically tested.

‘AT RISK’

Unfortunately the waters are muddy around the concept of “at risk”. For example, the GRP state:

“Authors of the SOGS suggested a distinction, on the basis of SOGS scores, between ‘nonpathological’ gamblers (SOGS score of 0 to 2), possible pathological gamblers (3–4) and probable pathological gamblers (5+).³²

[“32” refers to the citation which is: Lesieur and Blume 1987. ‘The South Oaks Gambling Screen. A new instrument for identification of pathological gamblers’. American Journal of Psychiatry, 144 (9), pp.1184-8.”]

A word search of this citation reveals the term “at risk” only appears in the paper’s Appendix 1(p5):

“Scores on the South Oaks Gambling Screen itself are determined by adding up the number of questions that show an “at risk” response:”

There are no categorisations 0-2, 3-4, only that “5 or more = probable pathological gambler”. The reader is urged to read the source documentation to verify this for themselves.

THE PRODUCTIVITY COMMISSION’S NOTE (1999, 6.21) THAT

“Dickerson et al. (1996a)³⁴² have usefully developed the notion of the ‘at risk’ gambler. People identified in this at-risk group may experience harms from gambling, but not at levels which justify specific individual interventions. However, such groups may have large policy significance — being the target for public health campaigns, information provision and preventative strategies (either intended to cut the number of people in this at-risk group or to prevent the likelihood of people moving to the group which do need individual interventions). If tests reveal large numbers of people in this group, governments may consider regulations or other policy instruments to deal with the problems”.

This citation adds support that “at risk” and “pathological progression” are concepts, but also acknowledges these concepts are deficient in empirical testing using SOGS measures.

Another screen, the CPGI, has been proposed with levels connoting “at risk”. This screen also suffers from the conceptual short-coming in not being able to “measure” progression happening, and at risk and progression remains largely untested as theory.

341. Blaszczynski, Alex and Lia Nower, “A Pathways Model of Problem and Pathological Gambling,” *Addiction*, Volume 97, 2002, pp.487-499

342. Dickerson, Mark, C Allcock, A Blaszczynski, B Nicholls, R Williams, and R Maddern, *An Examination of the Socio-economic Effects of Gambling on Individuals, Families and the Community Including Research into the Costs of Problem Gambling in New South Wales*, report prepared for the Casino Community Benefit Fund, NSW Government, 1996

In their review of the CPGI, McCreedy and Adlaf undertook research on the theory of “at risk”. To this end, they learned:

“[there] is less confidence in the soundness of the labels, classifications, and cut-points which, at worst, are considered unexplained and arbitrary.”

“One investigator suggests that low risk gamblers endorse the low threshold items and wonders if such people even have a problem”.

“To increase statistical power, “moderate risk gamblers” are often added to “problem gamblers”. One investigator added “low risk” gamblers to the “problem gambler” group.”

“Respondents suggested that more research on the sub-types is needed, and that a guide to the analysis of sub-types would be a useful tool in an updated CPGI user manual.”

“Other suggestions include: adding items, adding theory-based items, adding items specifically for “low risk” and “moderate risk” categories, and weighting items.”

“Respondents call for more research, particularly efforts to study the labels, definitions, classifications, and cut-points for sub-types. In addition, it was suggested that the existing data sets be pooled and studied, and that longitudinal studies be undertaken.”

In sum, “at risk” remains a theory without empirical justification. On one level it may seem intuitive and consistent with the “deviant paradigm” where innocent consumers are seduced by gambling, however to accept this is “the way” towards developing gambling related problems is premature.

Indeed, as outlined in the rational addiction model of consumption and consistent with the research on the motivations problem gamblers have, it is highly possible that many persons classified as problem gamblers gamble to escape other trauma.

As Dr Miller states, the use of the CPGI and other instruments to label people as ‘at risk’ and/or calculate the rate of at-risk individuals in the community is based on a basic misunderstanding of the purpose and workings of those instruments.

6.13.6 REPEATED CONSUMPTION AND THE ROLE OF HABIT

Habit undoubtedly plays a large part in some of our regular behaviours and that behaviour is at least partially “mindless”.³⁴³ Once a product reaches maturity in a market, then the market can be described as stable and consumption patterns are characterised by repeat purchase. It follows that much consumption, including gambling consumption, falls within the ‘habit’ paradigm, which is explained below.

Dr Rohan Miller writes:

Consumers’ behaviour, and particularly repeat purchase behaviour, in stable market conditions can be modelled as a stochastic process without any cognitive factors.³⁴⁴ The ‘Habit Paradigm’ can generally be described by patterns described by the Negative Binomial Distribution (NBD). The NBD has successfully been applied to a broad range of products³⁴⁵ and has demonstrated stability in steady conditions³⁴⁶ such as mature markets.

The NBD has been empirically validated to ‘fit’ a broad range of products over many years. It has also been empirically proven that the NBD fits the consumption of gambling products, suggesting that stochastic patterns of consumption are similar to the vast majority of normal consumer goods.

As explained by Mizerski, Miller, Mizerski and Lam,³⁴⁷ the NBD was initially introduced by Greenwood and Yule in 1920 in terms of the incidence of reoccurring diseases and accidents. In consumer research, the NBD has been applied to study purchase incidence for the total product category or for a single brand. Applying the NBD to data from past behaviour provides estimates of future penetration of population use, and estimates of usage by groups (for example, nonusers, heavy and light users) over time.³⁴⁸ This model is typically quite accurate,³⁴⁹ and can be more accurate than using cognitive data³⁵⁰ to explain and predict future purchase behaviour.

Studies have shown the NBD fits gambling consumption,^{351, 352} leading to the inference that gambling consumption is no different in terms of purchasing patterns, than the vast majority of consumer goods.

In 2006 Lam and Mizerski applied the Productivity Commission’s 1999 data to the NBD and the Dirchlet. The results are in the Figure below, and the description of their method follows:

“At the product/game level, the data on aggregate penetration and average frequency of play/purchase in the population were input into an NBD model in order to derive an expected distribution of play of the game. This distribution was then compared with the observed distribution using simple correlation”.

343. Feldman, Jack and John G Lynch, “Self Generated Validity and Other Effects of Measurement on Belief, Attitude, Intention, and Behavior,” *Journal of Applied Psychology*, Volume 73, Issue 3, 1988, p.423

344. Ehrenberg, Andrew SC, *Repeat-Buying: Facts, Theory and Applications*, Oxford University Press, New York, 1988

345. Uncles, Mark, Andrew Ehrenberg and Kath Hammond, “Patterns of Buyer Behavior: Regularities, Models and Extensions”, *Marketing Science*, Volume 14, Issue 3, 1995, pp.71-79

346. Morrison D and D Schmittlein, “Generalising the NBD Model for Customer Purchases: What are the Implications and is it Worth the Effort”, *Journal of Business and Economic Statistics*, Volume 6, Issue 12, 1999, pp.145-159

347. Mizerski, Dick, Rohan Miller, Katherine Mizerski and Desmond Lam, “The Stochastic Nature of Purchasing a State’s Lottery Products,” *Australasian Marketing Journal*, Volume 12, Issue 3, 2004

348. East, Robert, *Consumer Behaviour*, Prentice-Hall, United Kingdom, 1997

349. Morrison D and D Schmittlein, “Generalising the NBD Model for Customer Purchases: What are the Implications and is it Worth the Effort”, *Journal of Business and Economic Statistics*, Volume 6, Issue 12, 1999, pp.145-159

350. Ehrenberg, Andrew SC, G Goodhardt and TP Barwick, “Double jeopardy revisited”, *Journal of Marketing*, Volume 54, July 1990, pp.82-91

351. Jolley, Bill, Richard Mizerski and Doina Olaru, “How habit and satisfaction affects player retention for online gambling”, *Journal of Business Research*, Volume 59, Issue 6, June 2006, pp.770-777

352. Mizerski, Dick, Rohan Miller, Katherine Mizerski and Desmond Lam, “The Stochastic Nature of Purchasing a State’s Lottery Products,” *Australasian Marketing Journal*, Volume 12, Issue 3, 2004

Figure 6.5 Observed distribution versus NBD-derived (expected) distribution of use of buyers

Australian Productivity Commission		
Product	Sample Size	Correlation (r) ^
Lotto	6,368	0.25
Instant	4,603	0.56
Electronic Gaming Machine	3,780	0.81
Horse	2,362	0.90
Keno	1,573	0.86
Table Games	803	0.94
Sports	588	0.72
Bingo	480	0.69

^ p<.05

On the metrics modelled from the Productivity Commission's study using the NBD, it can be argued that electronic gaming machine consumption approximates typical patterns of consumption. Indeed, the NBD offers a high and significant level correlation for electronic gaming machines.

It is clear that few acts of consumption occur without at least some people experiencing negative affects (for example, eating, shopping, watching TV, driving cars). Gambling may reasonably be included as act of consumption with some negative affects for a small proportion of consumers. However, the present stream of gambling research does little to advance knowledge about the causality of negative consumption effects or how gambling may be used to moderate other problems (that is, the self-medication effects).

If the trends shown in gambling prevalence studies are to be believed at any level, claims of gambling related problems throughout Australia continue to decline. Consistent with the theory of product lifecycle, as a product category matures consumers and society gain experience with the positive and negative aspects of that categories consumption.

Electronic gaming machine play may be characterised through the exchange of money for a consumption or hedonic experience. It is common knowledge that long run expected values of electronic gaming machine play are exclusively negative and that most of the money spent on this form of hedonic consumption is by people who have played and generally lost in the past³⁵³. Over time, consumers adapt to the consumption experience by protecting themselves from the potential adversities associated with gambling³⁵⁴. This process is known as social learning. It has been more than a decade since the Productivity Commission's first report into gambling. The decline in prevalence levels shown in many gambling studies reflects effective social learning has occurred.

353. Barr, Graham DI and Ian N Durbach, "A Monte Carlo Analysis of Hypothetical Multi-line Slot Machine Play," *International Gambling Studies*, 8(3) December 2008, pp.265-280

354. Shaffer, Howard J, Matthew N Hall and Joni Vander Bilt, "Estimating the Prevalence of Disordered Gambling Behavior in the United States and Canada: A Research Synthesis", *American Journal of Public Health*, Volume 89, Issue 9, September 1999, pp.1369-1376