

TREASURY EXECUTIVE MINUTE

Minute No.

22 March 2011

Assistant Treasurer and Minister for Financial
Services and Superannuation

cc: Deputy Prime Minister and Treasurer

GAMBLING REFORMS: EVIDENCE ON CLUBS' COMMUNITY CONTRIBUTIONS

Timing: Your office requested briefing ahead of Clubs Australia launching its media campaign on 23 March 2011.

Recommendation/Issue: That you note this brief which provides an overview of the clubs' claims on community contributions, the available evidence on the estimated contributions, and limitations on the use of these estimates.

Noted

Signature:

...../...../2011

KEY POINTS

- The clubs sector provides a valuable contribution to the community through cash donations, in-kind provision of sporting and community facilities, and volunteer labour.
- Clubs claim that any reduction in electronic gaming machine (EGM) revenue due to the proposed gambling reforms will lead to a significant reduction in support for the community, including sporting teams. A summary of clubs' claims is at **Attachment A**.
- However, information on the value of clubs' contributions is limited. A summary of available estimates (and limitations) of clubs' community contributions is at **Attachment B**.
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 - Clubs' estimates of the value of their total community contributions vary from approximately \$5.9 million in Western Australia to \$1.1 billion in New South Wales. These estimates are based on unverified, self-reported data.
 - The Productivity Commission (PC) found that the community benefits reported by clubs include expenses not usually considered to be arm's length community benefits, and many claimed benefits accrue to members, not to the wider community.
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- Further, clubs' contributions need to be compared to the value of transfers that clubs receive from the community in the form of tax concessions.
 - Most licensed clubs do not pay income tax on a proportion of their earnings, and receive state gambling and other tax concessions.

- The PC found that the (gross) value of clubs' community contributions is significantly less than the support governments provide to clubs through tax and other concessions.
- These net social contributions should also be weighed against the net social costs to the community of problem gambling, which the PC estimates to be between \$4.7 and \$8.4 billion annually.
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- The PC further suggests that clubs may not be using public contributions most equitably or efficiently (through the provision of sport, recreation and member subsidies); and that alternatively the value of the tax concessions to clubs could potentially be put to better use by governments, through the provision of a broader range of community benefits.
- This briefing has been developed in consultation with FaHCSIA and similar information has been provided to Minister Macklin.

Contact Officer:

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ATTACHMENT A**CLUBS' CLAIMS: MEDIA AND RECENT INQUIRIES****Key claims**

- Clubs Australia estimates that the social contribution of clubs is \$811 million in NSW and \$1.2 billion nationally.
 - These figures are based on the NSW IPART report and extrapolated to national coverage.
- Clubs Australia claims that studies underestimate the value of clubs' contributions as they do not include the significant intangible benefits clubs provide such as improved social cohesion.
- In its submissions to the Productivity Commission's Inquiry into Gambling and the Joint Parliamentary Committee on Gambling Reform, Clubs Australia emphasised the role of clubs as the 'heart of the community', stating that "clubs are an established element of Australian culture, especially in rural and regional areas, where they are a bedrock of social inclusion".
- Clubs Australia also emphasised the range of compulsory and voluntary contributions made to the community.
 - Clubs Australia believes that the bulk of community contributions are provided outside of compulsory programs, and that many of these in-kind and intangible benefits are difficult to capture and often ignored during policy making processes.
- According to Clubs Australia, one of the major areas in which clubs contribute to both social infrastructure and the broader economy is through their support of sport, which promotes physical activity and social networking, reduces healthcare costs, enhances community identity, and deters antisocial behaviour.
- Clubs Australia also emphasises that clubs are safe venues and provide a social space and access to facilities for older Australians, helping them build social connections and ties to the community. Clubs also support young people through a family friendly atmosphere and other youth initiatives.
- Clubs also provide funding to a vast range of welfare services, including hospitals, mental health initiatives, Lifeline, drug and alcohol services and disability and mobility support.

Claimed impact from the proposed reforms

- Clubs have expressed strong opposition on the proposed gambling reforms, claiming that they will cost \$2.5 billion to implement and reduce clubs' revenue by 40 per cent.
- Clubs claim that this anticipated reduction in revenue will significantly reduce their community contributions, particularly for sport teams (including junior teams) as well as their provision of sporting facilities.
 - There has been particular emphasis on how revenue reductions will affect the National Rugby League (NRL).

- The anticipated revenue reduction will also lead to a reduction in community services funding provided by clubs, such as disaster recovery donations, girl guides, surf lifesaving clubs and general charity donations
- Clubs claim that the pre-commitment technology will be costly to implement, and that clubs may close or significantly reduce services which would disadvantage the community.
- It is argued that the loss in revenue will also affect employment and result in job cuts.

ATTACHMENT B

ESTIMATES OF CLUBS' COMMUNITY CONTRIBUTIONS

SUMMARY OF ESTIMATES FROM AVAILABLE EVIDENCE

Report	Estimated value of clubs' contributions
Productivity Commission Inquiry Report into Gambling (2010)	No dollar figure provided. The Commission concluded that the gross value of social contributions by clubs is significantly less than the support governments provide to clubs through tax and other concessions.
New South Wales	
Social and economic contributions of licensed clubs in NSW (2007) Allen Consulting Group, for Clubs NSW	\$1.1 billion in 2007 (NSW clubs) While no clear breakdown for this figure is given, it appears to include cash grants, in-kind support, investment in sporting and non-sporting facilities, and volunteer opportunities and time.
Review of the Registered Clubs Industry in NSW (2008) Independent Pricing and Regulatory Tribunal	\$811 million in 2008 (NSW clubs)
Casinos Clubs NSW (2009) Betty Con Walker (book based on PhD thesis)	\$30 million cash contributions in 2006 (NSW clubs, taking account of the \$40million rebate under the CDSE scheme). This study refutes IPART's \$811 million figure, and takes into account the value of tax concessions clubs receive.
Queensland	
Social and economic contributions of licensed clubs in QLD (2008) Dickson Wohlsen Strategies and BDO Kendalls, for Clubs Queensland	\$668 million in 2008 (QLD clubs) Note: this figure includes gaming machine taxes, GST on machine gaming, community asset depreciation and community asset interest as community contributions. If these items are removed from the calculations, the value of clubs' community contributions is \$349 million.

Report	Estimated value of clubs' contributions
Western Australia	
<p>Social and economic contributions of licensed clubs in WA (2009)</p> <p>Allen Consulting Group, for Clubs NSW</p>	<p>\$5.9 million in 2007-08 (WA clubs)</p> <p>This figure includes in cash grants and in-kind contributions to the community. Clubs provided an additional \$3.4 million in volunteer time for community services.</p>
Australian Capital Territory	
<p>Social and economic contributions of licensed clubs in ACT (2008)</p> <p>Allen Consulting Group, for Clubs ACT</p>	<p>\$12.8 million in 2007 (ACT clubs).</p> <p>Note: this figure includes mandatory contributions required by the ACT Gaming and Racing Commission.</p> <p>If mandatory contributions are excluded, community contributions totalled \$5.3 million.</p>

- Further details on the available evidence on clubs' community contributions are provided in **Attachment C**.

LIMITATIONS AROUND USE OF ESTIMATES

Difficulties in measuring the true value of clubs' contributions

- Clubs' estimates of their community contributions should be interpreted with a degree of caution.
- While the PC's research substantiates claims that gambling venues, particularly clubs, do make significant social contributions, it also reveals that:
 - many of these benefits are to members, not to the public at large;
 - the claimed benefits of gambling revenue on sporting activities and volunteering do not appear strong;
 - the (gross) value of social contributions by clubs is likely to be significantly less than the support governments provide to clubs through tax and other concessions; and
 - the largest source of cross-subsidisation is in sports facilities and the category of 'other', which was identified as substantial losses on operating costs for accommodation, aged and child care, and a range of general expenses, such as promotion.

- Both the PC and Con Walker (2009) highlight the difficulties associated with measuring social contributions from clubs, which are exacerbated by their failure to disclose detailed information about expenses or revenue sources.
 - Con Walker’s study of the biggest 18 clubs in NSW showed that community support was not identified as a line item in clubs’ financial statements. Furthermore, where amounts were identified, they varied in different parts of the annual report.
 - The PC notes that as clubs do not disclose their financial accounts to non-members, public scrutiny of their finances is difficult, despite the considerable tax subsidies that clubs receive.
- The PC states that the community benefits reported by clubs include expenses not usually seen as genuinely arm’s length community benefits.
 - For example, in Victoria, licensed clubs may include capital expenditure, financing costs, operating costs, retained earnings, and the cost of most plant and equipment valued at \$10,000 as class B community benefits in their annual Community Benefit Statements, which allows them to avoid a tax of 8.33 per cent.
- Furthermore, community contributions can be highly selective and are made based on club preferences, promotion and history, forgoing opportunities for spending in other areas of need. Submissions to the IPART review highlighted the fact that clubs may be reluctant to provide funding to ‘unpopular’ causes such as drug and alcohol or teenage mothers, and often seek causes that can promote their club, for example through badging.
- The PC notes that while prima facie, clubs make significant in-kind contributions, there are several factors that offset the net value of these contributions.
 - The method for calculating in-kind social contributions does not account for the fact that subsidised facilities distort prices and thus consumer choices. Some people may choose to play a particular sport over others simply because it is subsidised. However the people who decide to play the sport because it is subsidised do not value the subsidised activity as much as people who would have participated anyway.
 - The excess profits that clubs use to finance their social contributions occur mainly due to transfers from government (taxpayers) to clubs and their members via tax concessions.
- The difficulty in measuring the value of in-kind contributions is exacerbated by clubs’ lack of records on the value of their in-kind contributions. It is also difficult to estimate the extent to which these in-kind benefits are provided to the community, rather than members or intra-club groups.
- While cash contributions are relatively easier to measure than other forms of community contributions, the PC highlights that they represent a small share of the value of the total implicit tax subsidies given to clubs.

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Sport participation

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- Based on Australian Bureau of Statistics data, the PC notes that the proportion of children aged 5 to 14 years who participated in organised sport outside of school hours in 2009 was higher in Western Australia, where clubs do not operate EGMs, than in New South Wales, which has the highest spending on EGM per capita and where clubs are ubiquitous.
- The PC also notes that while participation in club-based physical activity in Western Australia was lower than in New South Wales, Victoria, the Northern Territory and the ACT, participation in fitness, leisure or indoor sports centres and other organised activities was higher in Western Australia than all other jurisdictions, except the ACT.
- Clubs' stated figures do not necessarily include all revenue clubs receive from conducting sport and other community based activities. For example, Con Walker's study of the 18 big NSW clubs notes that clubs competing in the NRL premiership receive grants to assist with operating expenses, in addition to sponsorship and signage money and other sport-related revenues from advertising, promotion, catering, gate receipts and merchandise.¹ Con Walker suggests that some of these large clubs even make a profit from sport.

Volunteering

- The IPART review highlights the fact that clubs with the most EGM revenue had the lowest number of volunteers. It shows that there are around six more volunteers per employee in small venues with no or low gaming profits than in larger clubs.
- The PC notes there is an almost inexhaustible demand for volunteering in community services, local sporting activities, the environment and political activities – and that individuals' capacity for volunteering is neither limited nor restricted to just one outlet. Thus if clubs were to close or reduce in size it is likely that volunteering would continue in the community.

Estimates do not account for clubs' tax concessions

- The figures quoted by clubs do not account for the large tax concessions that clubs receive. The PC notes the fact that clubs receive far more from the community in the form of tax concessions than they provide in community contributions.
- Many licensed clubs that offer gambling services are taxed concessionally, relative to businesses, due to the 'principle of mutuality'.
 - The principle of mutuality is a judicially-created principle of income tax law — to the extent that an organisation operates mutually for the benefit of its members, it does not derive income from its members. This is based on the notion that a person cannot make a profit from selling to themselves.

¹ Con Walker, 2009, 'Casino Clubs NSW: profits, tax, sports and politics', p47-48

- This means that mutual entities, such as licensed clubs, do not pay income tax on a proportion of their earnings.
- Many licensed clubs accessing the mutuality principle are very large, and their relationship with the community resembles more of a customer / business relationship than a clear and close relationship between members.

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- The PC also highlights the fact that alternate social uses of the large implicit tax subsidies to clubs are often disregarded. The quid pro quo for community contributions for clubs is a reduced capacity for government to lower taxes, improve public health or provide more services to the community such as infrastructure, health and education.
- The PC argues there are strong grounds for governments to significantly reduce gaming tax concessions, which would address the inequity and inefficiency of current arrangements. The changes would provide governments with a revenue source that they could distribute through accountable budgetary processes to the community at large.
 - Clubs are concessionally taxed on their EGM revenue at the state level, and much of the income of registered clubs is exempt from income tax.
 - In some jurisdictions, clubs receive concessions on the caps on EGM numbers compared to hotels, which gives them greater access to a lucrative revenue source.
- There are questions about whether the value of clubs' community contributions are larger than those government could obtain were it to have the funds instead. The PC suggests that the \$676 million in in-kind benefits identified by IPART is likely to have displaced an alternative set of social contributions worth more than this.
 - The PC argues that governments could use funds for the benefit of the community in a range of ways not only limited to sport and recreation and subsidies to club members, such as infrastructure, health and education services to the community.

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The social costs of gambling are significant

- The value of community contributions funded by EGM revenue should also be considered against the significant social costs associated with problem gambling, which extend beyond individuals to communities as a whole.
 - Social costs include health impacts, inability to meet basic expenses such as food and shelter, lost productivity, relationship problems, theft, and domestic violence.
- The PC estimates that costs associated with problem gambling are between \$4.7 and \$8.4 billion.

REVIEW OF AVAILABLE EVIDENCE ON CLUBS' COMMUNITY CONTRIBUTIONS

Report	What kind of contributions do clubs make?	Who are the beneficiaries of these contributions?	What is the value of these contributions?
Productivity Commission Inquiry Report (2010)	<p>The PC based its analysis on a summary of club positions, IPART's review, and other available material.</p> <p>According to 200 submissions from clubs, peak bodies or the beneficiaries of club contributions, the social contributions are:</p> <ul style="list-style-type: none"> • Donations to sporting teams, charities and community organisations (cash, 'in-kind' support such as free office space) • Sporting and recreational facilities for members • Promoting volunteers and using volunteers • Improved quality of life elderly and social place/pleasant atmosphere • A focal point for towns • Provision of employment opportunities 	<p>Clubs members, not the public at large</p>	<p>Rather than valuing clubs' contributions the PC conducted a cost benefit analysis of clubs contributions against the value of the tax concessions they receive.</p> <p>The Commission concluded that the gross value of social contributions by clubs is likely to be significantly less than the support governments provide to clubs through tax and other concessions.</p>

Report	What kind of contributions do clubs make?	Who are the beneficiaries of these contributions?	What is the value of these contributions?
<p>Social and economic contributions of licensed clubs in NSW (2007) Allen Consulting Group for Clubs NSW</p>	<p>The report cites a range of contributions made by clubs, including:</p> <ul style="list-style-type: none"> • Contributions made by clubs to their members • Cash and in-kind support (\$108 million) • Provision of sporting and non-sporting facilities • Volunteer opportunities (\$126 million) • CDSE scheme payments (\$71.5 million) 	<p>Members and the wider community.</p>	<p><i>Expenditure approach</i> The report states that in 2007 NSW clubs contributed around \$1.1 billion to the community. While no clear breakdown of this figure is provided, the report suggests that the figure includes:</p> <ul style="list-style-type: none"> • Cash grants (\$89 million) • In-kind support (\$20 million); • Investment in sporting and non-sporting facilities (figure not provided); and • Volunteer opportunities (\$126 million) <p>The report states that this estimate is a lower bound as it does not account for services provided at subsidised rates and intangible benefits such as enhanced social capital.</p> <p><i>Willingness to pay approach</i> The report also cited a separate ACG survey in which 1006 adults were asked about their attitudes towards clubs and their willingness to pay to increase the level of services provided by clubs.</p> <ul style="list-style-type: none"> • Respondents were willing to pay, through a direct household contribution, up to \$281 million per year over the next ten years to improve social outcomes supported by clubs. • Alternatively, the NSW community was willing to pay up to \$224 million per annum to prevent a decline in the community services

Report	What kind of contributions do clubs make?	Who are the beneficiaries of these contributions?	What is the value of these contributions?
<p>Review of the Registered Clubs Industry in NSW (2008), IPART</p>	<p>The IPART review cited three main social benefits:</p> <ul style="list-style-type: none"> • Primary purpose facilities for club members e.g. bowling lawn for bowling club • Ancillary facilities for club members e.g. restaurant, bar. • External community benefits e.g. support for sporting groups, charities, schools etc. <p>These can either be cash or in-kind contributions, and direct or indirect contributions (such as a flow on effect).</p> <p>In addition, IPART noted other contributions:</p> <ul style="list-style-type: none"> • Provision of community infrastructure • Provision of a place to meet and socialise. • Economic contribution including employment, training opportunities, flow on effects for community such as attracting tourists and taxation on revenue. 	<p>Club members primarily with some external community benefits.</p>	<p>provided by clubs.</p> <p>The estimation is that NSW clubs provided social infrastructure and services to the value of \$811 million in 2007.</p> <p>This was calculated by:</p> <ul style="list-style-type: none"> • Direct cash contributions made to charities, community and sporting activities + estimated direct in-kind contributions through provision and maintenance of community and sporting facilities + Contributions from volunteers for activities not accounted for in direct in-kind contributions including total volunteer hours. <p>In-kind contributions are calculated through a market based approach, ie difference between the commercial or market value of the product (e.g. use of a sporting oval), less the price charged by the club.</p> <p>The direct in-kind contributions were calculated using data from 40 representative clubs in NSW and weighting each category (club type, size, location). This data was provided by ClubsNSW.</p>

Report	What kind of contributions do clubs make?	Who are the beneficiaries of these contributions?	What is the value of these contributions?
<p>Casinos Clubs NSW (2009), Betty Con Walker</p>	<p>Most clubs' contributions are via the Community Development Support Expenditure (CDSE) Scheme which involves a 1.5% reduction in the top state marginal tax rate if clubs contribute 1.5% of gaming machine profits in excess of \$1 million to eligible community projects.</p>	<p>Largely club members</p>	<p>Con Walker suggests that the cost of concessional tax treatment provided to the big 18 clubs far outweighs the contributions these clubs make to the community.</p> <p>Clubs in NSW contributed \$30 million in cash grants, after the tax rebate under the CDSE scheme is taken into account.</p>

Report	What kind of contributions do clubs make?	Who are the beneficiaries of these contributions?	What is the value of these contributions?
<p>Social and economic contributions of licensed clubs in the ACT (2007)</p> <p>Allen Consulting Group for Clubs ACT</p>	<p>Social contributions cited include:</p> <ul style="list-style-type: none"> • Membership • Sporting facilities • Provision of in-house club facilities such as bars and meeting rooms • Cash and in-kind support • Volunteers. <p>At the time of publication the ACT Gambling and Racing Commission required clubs to spend at least 7 per cent of net EGM revenue on community activities. Activities were required to fall into one of four categories:</p> <ul style="list-style-type: none"> • Charitable and social welfare • Sport and recreation • Non-profit activities • Community infrastructure 	<p>Members and the community at large.</p>	<p>In 2007 clubs contributed \$12 million to the community comprising:</p> <ul style="list-style-type: none"> • \$9.8 million cash support to intra-club groups and the community; and • \$2.1 million in-kind support including the provision of free or subsidised facilities and food and beverages <p>The report does not provide a figure for the intangible benefits cited.</p> <p>The report states that ACT clubs spent 12 per cent of their EGM revenue on community activities, 5 per cent more than required by the ACT Gambling and Racing Commission.</p>

Report	What kind of contributions do clubs make?	Who are the beneficiaries of these contributions?	What is the value of these contributions?
<p>Social and economic contributions of licensed clubs in QLD (2 page fact sheet, 2008) Dickson Wohlsen Strategies and BDO Kendalls for Clubs Queensland</p>	<p>Social contributions cited include:</p> <ul style="list-style-type: none"> • Cash benefits; • In-kind benefits; • Gaming machine taxes; • GST machine gaming; • Volunteer labour; • Community asset depreciation; and • Community asset interest 	<p>Members and the community at large</p>	<p>In 2008 clubs' direct community and economic benefits totalled \$668 million, comprising:</p> <ul style="list-style-type: none"> • Cash benefits (\$222.78 million) • In-kind benefits (\$22.39 million) • Gaming machine taxes (\$196.93 million) • GST machine gaming (\$76.2 million) • Volunteer labour (\$103.97 million) • Community asset depreciation (\$36.67 million) • Community asset interest (\$9.17 million)

Report	What kind of contributions do clubs make?	Who are the beneficiaries of these contributions?	What is the value of these contributions?
<p>Social and economic contributions of licensed clubs in WA (2007)</p> <p>Allen Consulting Group for Clubs WA</p>	<p>Social contributions cited include:</p> <ul style="list-style-type: none"> • No. of club volunteers • No. of volunteer hours injected into club activities & external community causes • Market value of this voluntary time • Cash grants and in-kind donations <p>In addition, clubs provided:</p> <ul style="list-style-type: none"> • 2739 sporting facilities for members and their guests; and • 2,228 non-sporting facilities including meeting rooms, bars, indoor entertainment venues, and outdoor entertainment venues <p>Note not all clubs made community contributions. The survey found:</p> <ul style="list-style-type: none"> • Approximately 70 per cent of clubs made cash grants. • Only about 50 per cent of clubs provided in-kind contributions, and in most cases, the per-club value of the contributions was less than \$1000. • 54 per cent of clubs did not provide volunteer services and 8 per cent of respondents could not say whether their club provided volunteer services. 	<p>Club members, although many of the clubs surveyed stated that they make club facilities available to guests that accompany members.</p> <p>The report found that during 2007-08 non-members made around 1.9 million visits to clubs.</p> <p>The report states that over 90 per cent of clubs provide bar, restaurant and meals to non-members and over 70 per cent provide competitive and social sport services.</p>	<p>In 2007-08 clubs collectively provided \$5.9 million in community contributions, comprising:</p> <ul style="list-style-type: none"> • \$5.4 million in cash grants to charities and community groups, the majority of which was for education and training; and • \$500,000 in in-kind contributions, including the donation of goods to community groups <p>In addition, clubs provided \$3.4 million (108,182 hours) in volunteer time for community services</p>

ATTACHMENT D

REVIEW OF CLUBS' CLAIMS IN MEDIA

Recent media coverage on the community contributions of Australian clubs and the possible effects of proposed gambling reforms

- South's Juniors CEO Geoff Knight said the \$3 million his club gave to children's teams annually would have to be reduced or cancelled entirely if new laws are enacted. The Club itself would also be in jeopardy. (Joe Hildebrand, *Pokie rules to ruin us, NRL clubs warn*, The Daily Telegraph, 03 March 2011)
- John Lyons, acting CEO of the South Australian National Football League, has argued in a submission to the parliamentary inquiry on gambling reform that proposed measures will cost the state's football clubs approximately 7 million dollars per year and bankrupt many clubs. (David Pentherby, *Straight Talk*. Adelaide Advertiser, 11 February 2011)
- In a submission to Mike Kelly, MP for Eden Monaro, Des Barnard from St Alban's Sports Club in Maribyrnong said that the club's positive role in the local community, which includes providing a local courtesy bus free of charge to the school and maintaining the adjoining cricket and football grounds next to the club, would be severely impacted by the reforms. (*Club revolt threatens pokie deal*. Australian Financial Review)
- Gary Hooley from the Ballina RSL Club emphasised the \$8.6 million that the Club puts into the local economy through paying wages and local catering suppliers. He also pointed out that the club contributed \$300,000 to local community groups in the last year - more than required under legislation - and also provided a meeting space for not-for-profit groups and entertainment for both locals and visitors. (*Proposed pokie Laws will hurt clubs: chair*. Balina Shire Advocate, 10 March 2011)
- Tweed based club Twin Towns has been forced to scrap \$50 million of planned redevelopments due to proposed gambling reforms and a consequent possible loss of up to 40 per cent of future club income. Club bosses have cancelled plans for a new theatre, convention centre and refurbishment of the junior club. Moncrief MP Steven Ciobo, a member of the joint select committee on gambling reform, said that gambling reforms would cause job cuts, club closures, a loss of community facilities and funding cuts to community groups and schools. Anthony Bell, Executive Director of Clubs Australia said that pre-commitment technology will "kill registered clubs". (*Pokie Scheme Could Kill Club*, Gold Coast Bulletin, 11 March 2011)
- Betty Con Walker's 2007 book on NSW clubs argues that they only contributed \$30 million dollars in cash to community and sport in 2011, rather than the claimed \$800 million dollars. She points out that \$600 million dollars would be added to state coffers if clubs were taxed at the same rate as hotels. (Adele Horin, *Time to Take a Gamble on Limits*. Sydney Morning Herald, 12 March 2011)
- Rod Laing, Chief Executive Officer of West's Entertainment Groups said that pre-commitment technology would spell the end for the West Tamworth Club and cost clubs in the surrounding region \$26 million to implement. He claimed the loss of clubs would significantly disadvantage community and sporting groups that rely on them. (Rebecca Belt, *Poker Machine reforms spells doom*. Northern Daily Leader, 10 March 2011)

- Assistant Secretary Mark Condi asserts that proposed pre-commitment technology will cost over \$30 million for Bankstown Sports alone. He points out that clubs contributed over \$1 billion to the local community in the last decade, and that only recently, Clubs NSW donated more than \$1.3 million to the Queensland Premier's Disaster Relief Appeal. (Mark Condi, Assistant Secretary Manager, Bankstown Caterbury Sport, *Don't Kill the Goose that Lays the Golden Egg*. Bankstown Community Torch, 9 March 2011)
- According to Bob Western, Secretary Manager of the Gunnedah Services and Bowling Club, the venue is set to lose over \$1 million dollars in revenue through proposed gambling reforms. (Naomi McIntosh, *Pokie reforms to Devastate Clubs*. Namoi Valley Independent, 10 March 2011)
- Derek Sims, Director of Murwillumbah Services Club argues that if proposed changes to poker machine rules reduce associated income by 40 per cent, the Club would be forced to close, removing a vital meeting point for many local community groups in the area and forcing sporting groups to seek funding elsewhere. (*Your Local Voice – Ban Pokies at Your Peril*. Tweed Daily News, 15 March 2011)
- The Salvos receive donations from approximately 550 clubs each year. (Joe Hildebrand, *Having a Punt on Religion, Churches Chip in on Pokies*. Daily Telegraph, 12 February 2011)
- Representatives from more than 30 clubs from the Richmond/Tweed electorate have met with federal member for Richmond Justine Elliot to protest against proposed gambling reforms. Ross Bailey of Tweed Heads Bowls Club said that the Clubs played an integral role in the local community, employing over 1000 people, paying over \$44 million in wages to local families, and donating over \$2 million to local charities and community organisations in the last year. (Nikki Todd, *Rules "gamble with economy"*. Tweed Sun, 9 December 2010)
- Central District Football Club has warned that revenue will be slashed by up to 50 per cent, "money we would otherwise spend on football development, club facilities, and other community projects". (Miles Kemp, *Pokie Deal Threatens Footy Clubs*. Adelaide Advertiser, 11 December 2010)
- In response to figures detailing the vast amount of money put through poker machines in Queensland and particularly on the Sunshine Coast, Doug Flockhart, CEO of Clubs Queensland has stated that "inevitably any profits derived out of trading operations end up back in the hands of Queenslanders". Profits made by Surf Lifesaving and sporting clubs must be reinvested in the community, which often means improving sporting facilities. (Kieran Campbell, *Pub, Club Pokies Harvest a Fortune*. Sunshine Coast Daily, 14 January 2011)
- The Productivity Commission has rejected club industry claims that poker machines deliver important benefits to the community because operators donated money and resources to local sporting organisations. "If a significant percentage of business is derived from people that are exhibiting substantial self-harm....would you believe that source of revenue, however spent, is appropriate?" In NSW between 2002 and 2008, gambling tax concessions to clubs totalled \$500 million, compared to their cash contributions of \$90 million. (John Kehoe, *Case against pokie limits assailed*. Australian Financial Review, 16 February 2011)
- A Greens bill to increase taxes on poker machine revenue by 0.75 per cent will be debated in the ACT Legislative Assembly this week. Clubs already have to put 7 per cent of their poker machine profits into community organisations. (*Greens urge support for diverting pokies profits*. ABC News, 16 November, 2010)

- Figures from the ACT Gambling and Racing Authority show that some Canberra gambling venues are paying nothing towards the cost of helping the city's gambling addicts and their families, while others are contributing just the bare minimum. (Noel Towell, *Some not paying fair share for gambling*. Canberra Times, 16 November 2010)
- General Manager of the Glen Innes Services Club, Pat Lonergan, said that his Club's contributions towards the community include sponsoring nearly every sport in the local community. (Ben Longeran, *Finger-printing won't fix problem*. Glen Innes Examiner, 16 December 2010)
- Sixty-nine per cent of respondents to a survey of clubs in the Eden-Monaro region indicated that they would be severely and adversely affected by the proposed gambling reforms, especially pre-commitment, forcing them to shut down or reduce services such as maintenance of sporting facilities. (*Letters to the Editor – Kelly: a man of his word*. Eden Magnet, 17 February 2011)
- Pittwater RSL CEO Bruce Smith has said that his club's \$400,000 annual donations to charity, in both cash and kind, would be jeopardised if new mandatory gambling reforms, especially pre-commitment were introduced. (Max Bree, *Count your losses*. Manly Daily, 2 February 2011)
- According to Clubs Australia, the government's proposed gaming reforms will cost Australian clubs over \$2.1 billion and will mean a consequential reduction in support for community and sporting groups. (Piers Akerman, *Big gamble by Gillard will deliver only lemons*. Daily Telegraph, 21 January 2011)
- Fred Geldof, Secretary Manager of the Uralla Bowling and Recreation Club asserts that pre-commitment laws will precipitate a loss of more than \$180,000 in donations, sponsorships, in kind support and provision of sporting facilities in a community of only 2,500 people. (*Letters – Vote X to save your clubs and towns*. Armidale Express Extra, 21 February 2011)
- The Chairman of South Tweed Sports Club, Charles Thygesen, has warned that the implementation of mandatory pre-commitment technology would cost over \$73 million in NSW alone and result in reduced contributions to the local community. (Rebecca Masters, *Showdown at the pokies*. Tweed Daily News, February 25 2011)
- Peter Newell, Chairman of Clubs NSW claims that proposed reforms to electronic gaming rules will cost 11,500 jobs and cause a \$1 billion drop in revenue for clubs in NSW alone. (Imre Salusinszky, *Clubs to pour millions into pokies fight*. The Australian, 3 February 2011)
- The Brisbane Broncos and St George Illawarra claim that they will be crippled by proposed gambling reforms. According to figures obtained by the Daily Telegraph, leagues clubs will lose \$200 million, stripping \$25 million from 11 clubs. Another 15 million would be stripped from junior clubs. (Joe Hildebrand, *Pokie rules will ruin us clubs warn*. Daily Telegraph, 4 March 2011)
- Data from Clubs Australia reveals that 15 rugby league clubs will lose approximately \$145 million a year. Canterbury and Parramatta leagues club would lose approximately \$27 and 20 million respectively. (*Pokie Law threatens future of rugby league*. The Australian, 4 March 2011)
- The Coalition has pledged to cut the taxes clubs pay by \$300 million in exchange for them providing more funds to local sports and charity groups. The Nationals member for Barwon

Kevin Humphries says clubs play an important role in regional communities. "They employ 45,000 people across this state, put \$1.25 billion in wages into people's pockets but in regional areas clubs have a very important role to play and that's a wider social responsibility," he said. (*Anti-gambling MPs invited to MOU signing*. Posted 3 December 2010, ABC)

- Cowboys Leagues Club General Manager Joe Kelly said the club has donated more than \$2 million over the past three years to the North Queensland community from Mackay to Cape York, including supporting girl guides and surf lifesaving clubs as well as sponsoring five school and university students. He predicted his club would lose 40 per cent of its gaming income through the proposed reforms and be forced to cut community funding. (Barbara Lynch, *Pokie limits a punt*. Townsville Bulletin, 7 March 2011)
- The industry has estimated that clubs would lose \$2.5 billion nationwide due to poker machine reforms. (David Crowe, *Pokie industry claims overdone*. Australian Financial Review 9 February 2011)