**BX3096: CLUB & GAMING MANAGEMENT**

**ASSESSMENT TASK 2**

**INDIVIDUAL TASK COVER SHEET**

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# Introduction

The report will examine three factors in terms of competition, environment and legislation that have significant effects on the transformation of club industry in Australia. The competitive factor introduces the purpose of club’s establishment, the development of clubs after World War II, the number of registered clubs and gaming machines in some Australian states and territories. The environmental element provides the information about the innovation of gambling industry from the past to present and the impact of society related to the gambling industry. The legislative factor mentions the extend of law imposed and two types of legal obligation applied in Australia, namely Gaming Machines Acts and the Liquor Acts.

# Body

### Competition

The original clubs in Australia operated to pursuit a common interest, voluntary and community concerns. To be more detailed, in 1840s, there was a competition between two gentleman’s clubs in Melbourne called the Melbourne Club and the Port Phillip Club, although the Port Phillip Club was closed in 1843. The Melbourne Club had about 80 long-term members and provided bedrooms, a dining room, drawing room, a library and a smoking room (Cumes, 1979). In 1857 and 1858, there was a competition between two clubs in Sydney called the Union Club and the Tattersall’s Club. The latter concerned with horse racing, breeding and betting (Hing et al, 2002). In 1894, the first ladies’ club in Australia was established with the Karrakatta Club in Perth and the Alexandra Club in Melbourne. In 1912, the Queen’s Club was formed in Sydney (Hing et al, 2002). All of these clubs was operated based on the spirit of mutual benefit and the support of charities and community projects. For example, during World War I, the Tattersall’s Clubs donated £16,000 to war savings funds, constructed cottages at Mattraville for disabled servicemen and retained beds in hospitals (City Tattersall's Club, 1971). The Queen’s Club donated all 1918 proceeds to returned soldiers and dependents (Tildesley, 1970).

However, after World War II, clubs didn’t dominate by the upper class. The change of clubs occurs when social classes had higher demand on drinking liquor. The establishment of new clubs originated from two elements. Firstly, there was poor hotel drinking conditions. In NSW, the ordinary drinkers were disappointed with the hotel drinking policy, the beer scarcity and the rampant black market (Caldwell, n.d). Therefore, more clubs were opened to adapt the public requirement. Secondly, there was an enhanced economic standard and public demand for better leisure facilities. The economy increased after the World War II led to the increase in disposable income and the public wanted to enjoy the more comfortable and relaxed drinking venues (Caldwell, n.d). Therefore, this resulted in creating more licensed clubs by prompting legislative amendments and the number of clubs was 350 in NSW (Registered Clubs Association, n.d). On the other hands, the establishment of new hotels was still hindered by the requirement and transfer an existing hotel (Caldwell, n.d).

In 1880s, the NSW Government had a propensity to ignore illegal club poker machines due to the fact that most clubs had become financially based on poker machines and profits from members. In 1930, poker machines began to appear in Sydney city hotels and the machine manufacturers secured immunity from prosecution through bribes (Wilcox, 1983). In NSW, the Sydney Harbor Casino or the Star City Casino provides and expands hotel machine gambling in order to raise the taxation rates on club poker machines in 1997. In 2004, there was an extensive political lobbying by the clubs and the formation of the Registered Clubs Party in 1997. This campaigns achieved some cessions to offset these competitive threats and they also attract public and political attention to the clubs’ massive poker machine profits (Hing, 2018).

The below table indicates club’s competition in Australian states and territories.

|  |  |  |
| --- | --- | --- |
| **Australian states and territories** | **The number of registered clubs** | **The number of gaming machines** |
| New South Wales | 1500 in 1999 (Clubs, pubs, taverns and bars, 1999) | 198,418 in 2013 (Safi, 2014) |
| Queensland | 1100 in 2001 (Clubs, pubs, taverns and bars, 1999) | 44705 in 2012 |
| Victoria | 508 in 1997 (Clubs, pubs, taverns and bars, 1999) | 27500 in 2012 |
| South Australia | 380 in 1998 (Clubs, pubs, taverns and bars, 1999) | 12086 in 2012 |
| Australian Capital Territory | 68 in 1999 (Clubs, pubs, taverns and bars, 1999) | 4953 in 2012 |
| Tasmania | 173 in 1999 (Clubs, pubs, taverns and bars, 1999) | 1277 in 2012 |
| Western Australia | 313 in 1998 (Clubs, pubs, taverns and bars, 1999) | 2000 in 2012 |
| Northern Territory | 39 in 1998 (Clubs, pubs, taverns and bars, 1999) | 1190 in 2012 |

Table 1: The quantity of registered clubs and gaming machines in Australian states and territories.

### Environment

#### From the past to present:

The first club industry in Australia was simulated the clubs of gentlemen’s in Britain. The Australian Club was established in 1838 and considered as the Australia’s oldest club. The club served a variety of common interests like professional, intellectual, artistic and sporting in metropolitan areas (Tildesley, 1970). The first Australian clubs had high prestige for the elite where the membership was limited and exclusive membership with high fees and which was chosen based on referrals and authorization from existing members. To be more specific, member of the Australian Club did not exceed 200, the entrance fee was 35 guineas and the annual subscription was 6 guineas which was higher than clubs in England (Cumes, 1979). The dressing for club members reflected the gentlemen’s club dignity like black frock-coats, top hats or tall white beaver hats and gloves (Williams, 1938). Surprisingly, all clubs shared certain characteristics like voluntary, non-profit organizations that have been established by groups of people sharing a common interest who have liked together to gain or develop that interest (Registered Clubs Association, n.d).

In some Australian towns, states and territories, the clubs are considered as “licensed clubs” and in New South Wales (NSW) and Tasmania, the clubs are referred as “registered clubs”. These licensed or registered clubs achieve a liquor license and satisfy the requirements under the legislation in the state or territory. In 1999, the number of registered and licensed clubs was 5600 with approximately 9 million memberships (Australia's Gambling Industries, 1992). However, the Queen’s Club did not achieve a liquor license after the establishment and their members must bring liquor by themselves if they wanted to drink. Some forms of gambling exited at that time; However, the club did not receive the profit and the wagering appeared among members. Gambling was prohibited in Australia except for betting on horse races until the early 1900s (Hing et al, 2002).

From 1860 to 1870, the quantity of NSW hotels went up by 80% with the trading hours extended from 4 am to midnight, six days a week. The outbreak of World War I appeared the restrictions to liquor business and hotel trading. The closing time was called the “six o’clock swill” when the consumption of alcohol liquor sold in the pubs reached at 90% (Hing et al, 2002). After World War II, clubs became popular for middle-class and working-class people. Moreover, clubs provided a various activities including yacht, bowling, golf, jokey, civic, masonic, musician, recreation and social clubs.

Today, clubs and hotels operate in similar hours, packaged beer sales have boosted, off-course betting is available through the Totalizator Agency Board (TAB). There are some new types of lottery, casinos venues and gaming machines. Surprisingly, most hotels have enhanced the premises and been catering for women and facilities (Hing et al, 2002). In 1998, there were 3749 clubs with 98053 gambling machines where 2408 businesses provided gambling facilities. Clubs with gambling facilities gained the profit of $5579 million whereas clubs without gambling facilities had a total income of $433 million (Clubs, pubs, taverns and bars, 1999)

Nowadays, club industry also generates mainly income from hospitality services. In 2015, there are 6,413 clubs sited in Australia in metropolitan, regional and rural communities (Clubs Australia, 2015). Australian clubs provide an anticipated $5 billion in society, building and maintaining sporting facilities like bowling greens, golf courses and tennis courts (Clubs Australia, 2015).

#### Gambling problems

Australians are the world’s most prolific gamblers in terms of per capita spending. On an average, Australians spent US $990 compared to Singaporean which spent on $650 and Ireland which spent on $500 in 2016. According to the Australian Gambling Statistics, the gambling expenditure increased from $22.734 billion in 2014-2015 to $23.648 billion in 2015-16 (Clarissa Sebag-Montefiore, 2018).

The development of club industry results in the negative impact on society in Australia. There are some aspects of crime like petty crime, street crime, money-laundering (Australia's Gambling Industries, 1992). To be more specific, there are petty crimes in gambling venues such as cheating at table games, stealing chips, thieving from unattended belongings, pickpocketing and stealing handbags and wallets. There are also street crimes in the vicinity of gambling venues such as break and enter, burglary, assault and illegal prostitution and the money-laundering (Australia's Gambling Industries, 1992). Moreover, criminal activities comprise tax evasion, payment of secret commissions, undisclosed criminal interests, corruption of regulators by manufactures or dealers and inadequate machine security (Report On Gaming Machine Concerns and Regulations, 1990)

Gamblers suffer the problem gambling like “compulsive gambling”, “pathological gambling”, “addicted gambling” and “problem gambling”. “Compulsive gambling” refers to the condition that there has no permanent cure and it is an impulse disorder. “Pathological gambling” where the gamblers have a psychologically uncontrollable preoccupation and urge to gamble. “Addicted gambling” is similar to pathological gambling but is used less frequently. “Problem gambling” is considered as a public health issue in Australia (Hing et al, 2002). Gamblers are depression, loss of self-esteem, interpersonal effects related to marital and family relationships, employment effects included loss of productivity and job loss, economic effects involved gambling debts, legal effects involved illegal acts (Hing et al, 2002).

Take Kate Sommerville as a persuasive example, she is from non-gambler to addicted gambler. She was impressed by glittering lights, music, spinning of wheels by visiting a pub in Melbourne, Australia. She spent all salary on slot machines which is known as pokies in Australia, sold her car, remortgaged her flat and borrow money at 40% interest. Eventually, she lost her job and the seven-year relationship. After six years of experiencing severe gambling habit, she stopped in 2007 and tolerated restless leg syndrome (Clarissa Sebag-Montefiore, 2018).

### Legislation

The club industry is performed under a legal environment which is based on history, purposes, management style. There are some remarkable landmarks for creating the legislation of club industry. To be more specific, by the 1950s, the Royal Commission on Liquor Laws NSW (1954) was promulgated to control the liquor trade. From 1950s to 1970s, the NSW Supreme Court announced that keeping poker machines infringed the Gaming and Betting Act 1912 NSW (Wilcox, 1983). On 22nd August 1956, the NSW Gambling and Betting (Poker Machines) Bill 1956 was passed (Hing, 2018). In 1976, the promulgation of Registered Clubs Act is to differentiate the profit-based organization from other NSW clubs, to limit specific features of club management and performance.

The sources of law include obligations imposed by an Act of Parliament (statue law) and by common law (case or “judge-made” law). The obligations imposed by an Act of Parliament refer to registered clubs, liquor licensing, theatres and public halls, public health, local government, gaming and betting, gaming and betting, gaming machine control, racing, art unions and public amusement, lotteries, keno, association and company incorporation. The obligations imposed by common law stemmed from the common law in England.

There are two particular legal obligations in club industry such as Gaming Machine Acts and Liquor Acts. Gaming Machine Acts is imposed to become a legal tool to regulate the industry, set down minimum operating compliances (Hing et al, 2002).

|  |  |
| --- | --- |
| **Australian states and territories** | **Gaming Machine Acts** |
| Australian Capital Territory | The *Gaming Machine Act 1987*  The *Gambling and Racing Control Act 1999*  The *Interactive Gaming Act 1998* |
| New South Wales | The *Gaming and Betting Act 1912*  The *Registered Club Act 1976*  The *Liquor Act 1982*  The *Gambling Legislation Amendment (Responsible Gambling) Act 2000* |
| Northern Territory | The *Gaming Machine Act 1995*  The *Gaming Control Act 1996* |
| Queensland | The *Queensland Gaming Machine Act 1991*  The *Interactive Gambling (Player Protection) Act 1998* |
| South Australia | The *Gaming Machine Act 1992*  The *Liquor Licensing Act 1985*  The *Gaming Machine (Miscellaneous) Act 1996* |
| Tasmania | The *Gaming Control Act 1993*  *Racing and Gaming Act 1952*  *Gaming Control (Coin Denomination Limits) Act 1996*  *Gaming Control Amendments and Regulations 1996*  *Gaming Control Amendment Act 1998*  The *Racing and Gaming Amendment Act 1998* |
| Victoria | The *Gaming Machine Control Act 1991*  The *Gaming and Betting Act 1994*  The *Gambling Legislation (Responsible Gambling) Act 2000.* |

Table 2: Gaming Machine Acts is applied in Australian states and territories

Liquor Act refers to the responsibility of alcohol service, the alleviation of over-consumption incident related to alcohol, the trade and community image improvement (Hing et al, 2002). Each state imposes different legal structure for controlling liquor and which is outlined in the table below.

|  |  |
| --- | --- |
| **Australian states and territories** | **Liquor Acts** |
| Australian Capital Territory | The *Liquor Act 1975* |
| New South Wales | The *Liquor Act 1982*, *Liquor (Amendment) Act 1990* and *Liquor Regulation Act 1996* |
| Northern Territory | The *Liquor Act 1975* |
| Queensland | The *Liquor Licensing Act 1977* |
| South Australia | The *Liquor and Accommodation Act 1990* |
| Tasmania | The *Liquor Act 1998* |
| Victoria | The *Liquor Act 1998* |

Table 3: Liquor Act is applied in Australian states and territories

# Conclusion

For the competition, some clubs operated to serve the upper class like the Melbourne Club and the Port Phillip Club in Melbourne, the Union Club and the Tattersall’s Club in Sydney, the Karrakatta Club in Perth and the Alexandra Club in Melbourne. However, after World War II, the club industry witnessed significant changes due to the demand of alcohol, the appearance of pokies machines to serve the club entertainment. From 1990 to present, there have been establishing the casino in some Australia states and territories and expanding the quantity of gaming machines as well.

For the environment, the original clubs were non-profit organization, concerned about social and community interests, limited the number of members. After World War II, clubs became serving the middle-class and working-class which providing a range of activities like yacht, bowling, golf, jokey, civic, masonic, musician, recreation and social clubs. On the other hands, the increasing quantity of club makes gamblers tolerate problem gambling in Australia.

For legislation, the sources of law imposed by an Act of Parliament and by common law. There are two remarkable legal obligations such as Gaming Machine Acts and Liquor Acts which are applied in club industry.

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