Panel Report

Independent inquiry into ACT clubs

May 2026

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Table of contents

Executive summary **4**

Executive summary 5

Context **9**

Problem statement 10
Scope of the inquiry 12
Governance 12
Accountabilities 13
Guiding principles 14
Discovery phase 15
Co-design phase 16
Validation phase 17

Current state **18**

What we heard *19*

Impacts, risks and considerations **24**

Potential impacts of transition 25
Key considerations for the future state 31

Future state **33**

Future state vision 34
Theory of change 35
Types of clubs in the ACT 38
Change enablers and pathways 44
High-impact summary: Theory of change enablers and pathways by club persona 53
Sector transition plan and recommendations 63
Risks 75
Club viability constraints 76
Governmental, legal and regulatory barriers 77
Governance and capability constraints 78
Evidence perception gap on harm reduction 78
Reduced community benefit and social infrastructure 79
Depleted social licence 80
Inability to maintain long-term sustainability 80

Appendix I **82**

Executive summary

Executive summary

Clubs in the ACT play an important role in the social and economic fabric of the ACT. They are places to share a meal and to gather for sport, social and cultural activities. Increasingly, their business models have seen them diversify into mixed-use developments, childcare and aged care facilities, and other innovations.

While clubs are an important part of the weave of ACT life for many Canberrans, their historical reliance on gambling revenue, in particular through Electronic Gaming Machines (EGMs), is a source of significant community harm. Indeed, EGMs are the largest single driver of gambling harm in the territory.

The ACT Government has committed to reducing EGM authorisations to 1,000 or fewer by 2045. This inquiry was asked to consider how the ACT club sector can transition through that reduction while preserving its community role.

An independent panel (the Panel) chaired by Annette Kimmitt, with John Body (ThinkPlaceX) and Bobbi Campbell (Synergy Law), worked across three phases: Discovery (Sep–Nov 2025), Co-design (Dec 2025–Feb 2026) and Validation (Mar–May 2026), drawing on roundtables, public submissions, independent land-use economic analysis and existing research to produce this final report and recommendations to the ACT Government.

In considering how a future state vision for ACT clubs could be achieved over time, the Panel identified **five transition enablers** and **three transition pathways** that provide the framework for a practical, sequenced program of action. Together, they set out how the ACT Government and the club sector could operationalise transition over time, recognising differences in club type, capability and risk profile.

- **Enabler 1**: A clear, shared strategy and direction for the future of ACT clubs, grounded in a strong partnership between the ACT Government and the ACT club sector. This strategy anchors all subsequent decisions and investments.
- **Enabler 2**: Capability building for people and governance. Targeted capacity building enables clubs to manage complexity, risk, and long-term change. This capability underpins all transition pathways.
- **Enabler 3**: Policy and regulatory certainty for clubs about the regulatory environment, particularly the gambling reform trajectory and timing of reductions. Certainty enables planning, investment, and orderly transition.
- **Enabler 4**: Strengthened ACT Government administration. Effective transition requires improvements to ACT Government systems, including aligned timing of lease variation charges and rate increases with streamlined approvals, and enhanced service coordination. Government systems must support, not inadvertently obstruct, change.
- **Enabler 5**: Sequenced transition and shared stewardship. Change occurs through sequenced and reinforcing shifts over a 20-year horizon, not sudden reform. Strong shared governance between the sector and the ACT Government ensures transparency, risk management, and adaptive learning.
- **Pathway 1**: Growth within existing business models. Early action focuses on strengthening and growing existing core activities, including hospitality, events, and operational efficiencies. This builds financial resilience and organisational confidence. Growth precedes contraction, ensuring transition is led by opportunity rather than loss.
- **Pathway 2**: Growth within new business models. For clubs with sufficient scale and capability, transition includes diversifying into new business models by converting illiquid assets into sustainable income

streams. This supports long-term financial independence from gambling revenue. These pathways occur once foundational growth and capability are established.

- **Pathway 3**: Consolidation to support viability. For smaller or more vulnerable clubs, consolidation provides a viable pathway to sustainability. This may involve mergers or integration within larger clubs while retaining community identity. Consolidation recognises that scale is sometimes necessary to deliver the model club vision.

The Panel used these five transition enablers and 3 transition pathways as the framework for developing its recommendations.

In developing those recommendations the Panel concluded that structural change of the ACT clubs sector must precede material EGM reductions, not follow them. Reducing revenue before clubs have uplifted governance and diversified income would risk closures, a hollowed-out community sector and a failed transition. The Inquiry Panel also concluded that for structural change to succeed, a range of enablers need to first be in place.

The transition of the ACT clubs sector therefore requires deliberate sequencing, where early actions create the conditions for later, more substantial change. The staging of the Panel's recommendations reflects three core considerations:

1. clubs operate with long-lived assets and debt structures;
2. replacement revenues take time to mature; and
3. harm reduction must begin immediately, even where structural change cannot.

The recommendations are therefore sequenced across four stages to 2044 to build confidence first, enable capability next, and deliver structural change progressively, while maintaining club viability and community benefit. This staging ensures that harm reduction begins immediately, viability is preserved, and structural change occurs only when clubs and the ACT Government are ready and able to sustain it.

A 20-Year Transition Pathway for the ACT Clubs Sector

2024-2028
Stage 1
Foundation & Confidence

RECOMMENDATIONS : ACT GOVERNMENT

Enabler 1 - Club, shared strategy and transition

G1. Establish a joint ACT Government and Transition Statement and Strategy (2025-2044).

G2. Consider whether club specific legislation will improve outcomes.

Enabler 3 - Policy and regulatory certainty

G3. Publish preliminary 20-year EGM reduction plans, setting out reduction principles, schedule and allocation method to guide club and government of Transition (during Stage 2).

G4. Conform transition strategies to 2025-2026 financial commitments.

G5. Explore and publish a 30-year roadmap of all gambling policy reforms to enable clubs to incorporate into their Transition Plans.

G6. Clarity director duties and liability during transition.

G7. Consider director liability reform under the Property Developers Act 2024 for not-for-profit organisations.

Enabler 4 - Strengthened government administration

C8. Harmonise lease variation charges, rate increases and timing with revenue realisation.

G9. Establish a single clubs transition coordination function.

Enabler 5 - Sequenced transition and shared stewardship

C10. Create a joint Club Transition Governance Group.

G11. Establish mechanisms for measuring and monitoring community contributions throughout the transition.

C12. Commit to two-yearly public transition reporting.

Cross-cutting harm minimisation outcomes

C13. Establish a joint Club Transition Governance Group.

RECOMMENDATIONS : CLUBS

Enabler 1

C1. Commit to a shared government strategy for transition.

C2. Adopt the model club vision as a sector lead reference point.

Enabler 2

C3. Commit to immediately and permanently addressing the regulatory non-compliance issues identified in the ACT Auditor General Performance Audit Report No. 4/2025 on Gaming Machine License Regulation, tabled June 2025.

Enabler 4

C4. Engage collectively and early with government processes.

Enabler 5

C5. Participate actively in shared stewardship and governance.

Pathway 1 - Growth within existing business models

C6. Prioritise margin optimisation before diversification.

Cross-cutting harm minimisation outcomes

C7. Commit to implementing alternative harm reduction measures during the transition period, prior to EGM reductions taking effect.

2028-2032
Stage 2
Capability & Option Development

RECOMMENDATIONS : ACT GOVERNMENT

Enabler 2 - Capability building for people and governance

G14. Establish a panel of accredited governance and transition training providers and provide clubs with grants (see recommendation G15) to access those providers.

G15. Enactment the Diversification and Sustainability Support Fund to provide grant funding for clubs to support upskilling capability and developing Transition Plans.

Enabler 3 - Sequenced transition and shared stewardship

G16. Enact the Club Transition Plans as part of the EGM Reduction Plan.

G17. Explore amendments or alternative approaches to the Community Contribution Scheme (CCS) to ensure sporing and community groups and social infrastructure in the protriveous funding and negatively impacted by transition.

Pathway 1 - Growth within existing business models

G18. Introduce a targeted fast-track diversification pathway for eligible clubs.

G19. Enact clubs within ACT tourism and events delivery.

Pathway 2 - New business models through asset conversion

G20. Establish a Clubs Transition Panel of Experts and provide clubs with grants (see recommendations G19) to access those providers.

RECOMMENDATIONS : CLUBS

Enabler 2

C1. Uplift governance and transition planning and execution skills.

Enabler 3

C2. Align all planning with Stage 1 Enabler 3 recommendations for governance and.

Enabler 5

C10. Prepare, maintain and begin executing individual Club Transition Plans, aligned to the 20-year EGM reduction plan and the policy and regulatory certainty enacting from Stage 1 (recommendations G3-G7).

Pathway 1

C11. Prioritise growing non-gaming revenue within existing business models.

Pathway 2

C12. Develop high-level club asset conversion blueprints.

2032-2036
Stage 3
Structural Transition & Acceleration

RECOMMENDATIONS : ACT GOVERNMENT

Pathway 3 - Consolidation to support viability

G21. Enact independent merger and collaboration feasibility assessments.

G22. Enable a voluntary consolidation pathway with regulatory relief.

All other Enablers 1-5 and Pathways 1-2 continue from earlier Stages.

RECOMMENDATIONS : CLUBS

Pathway 3 - Consolidation to support viability

C13. Treat consolidation as a proactive strategy.

All other Enablers 1-5 and Pathways 1-2 continue from earlier Stages.

2036-2044
Stage 4
Consolidation & Right-Sizing

All Enabling and Pathway recommendations initiated in Stages 1-3 continue, requiring ongoing commitment by ACT Government and Clubs to sustaiment and execution discipline.
Final EGM reductions complete; transition to steady-state regulation.

Together, these recommendations chart a path towards a vibrant, community-centred ACT club sector that contributes social and economic benefits, while delivering on the ACT Government's long-term policy intent to significantly reduce EGMs.

Context

Problem statement

How might we support the evolution of a vibrant, community-centered ACT club sector that can continue to contribute social and economic benefits, while delivering on the ACT Government's long-term policy intent to significantly reduce electronic gaming machines?

The economic and social story of clubs in the ACT

Evidence indicates that while overall gambling participation in the ACT is declining, the prevalence of gambling harm remains stable, with "15.8% of ACT adults reported experiencing some form of gambling-related harm in the last 12-months, including harm from their own gambling, someone else's gambling, or legacy harm" (Rockloff et al., 2025). While other forms of gambling such as lotteries or sports betting remain popular, the level of harm these cause is relatively low, while EGMs are identified as the most significant source of harm, accounting for around one-third of the total gambling harm burden. (Rockloff et al., 2025) Reducing EGM availability has been seen to deliver substantial harm reduction, as demonstrated in Western Australia where restricting EGMs to one casino is associated with gambling problems being around one-third lower (Russell et al., 2023 in Rockloff et al., 2025).

The ACT Government response

This broader economic and social context is critical to understanding the evolving role of ACT clubs and the ACT Government's ongoing commitment to reducing EGMs.

- The *Gaming Machine (Compulsory Surrender) Amendment Act 2024* provided the Minister with authority to require clubs to surrender EGMs if the target of 3,500 by 1 July 2025 could not be achieved.
- The ACT Government has set targets to reduce the number of EGM authorisations by 500 every four years to reach 1,000 EGM authorisations or fewer by 1 July 2045.
- This is in addition to measures already taken to invite and incentivise the surrender of authorisations by clubs.

According to the ACT Government's policy:

"The future of community clubs cannot be linked to the harm caused by gambling addiction, and the ongoing transition away from a business model relying on poker machine revenue, must continue."

The ACT Government has established this independent inquiry to understand and make recommendations about how clubs might transition through the reduction of EGM's whilst maintaining the community contributions that they currently provide.

The ACT Government undertook a procurement process where it selected panel members for the independent inquiry. ThinkPlace[X] in conjunction with Annette Kimmitt and Synergy Law were selected to form the inquiry panel. The Panel members consist of:

- Annette Kimmitt (Chair)
- John Body (Partner - ThinkPlace[X])
- Bobbi Campbell (Partner - Synergy Law)

The Panel was supported by a ThinkPlace[X] team with secretariat services provided by ACT Justice and Community Services (JACS).

About the Panel

Annette Kimmitt, Panel Chair

With over 40 years professional and commercial experience in both the public and private sectors, Annette's executive career includes extensive local, regional and international experience as a regulator, CEO/Managing Partner, and in advising on highly complex transactions and transformations in industries such as telecommunications, financial services, infrastructure, government and defence.

Annette was most recently the CEO of Victoria's Gambling and Casino Control Commission (2022-2025), where she led a complete strategic and operational transformation of the regulator, including its approach to leveraging technology, data, AI and intelligence to ensure Victoria's gambling industry operates safely, fairly, with integrity and free from criminal infiltration. Under Annette's leadership, the VGCCC went from being a 'failed regulator' to becoming highly regarded for regulatory excellence and innovation.

Bobbi Campbell, Panel Member

Bobbi is a trusted senior adviser and brings 30 years of legal and leadership experience across both public and private sectors. She is deeply committed to achieving ethical, values-driven outcomes with integrity at their core. Her career has spanned multinational corporations and government agencies alike, navigating complex regulatory landscapes and delivering results in high-stakes environments.

Bobbi's leadership has included leading and advising on high profile, sensitive programs and policy. A small sample includes leading the development of social and cultural determinants of Indigenous health policy to frame program delivery for Closing the Gap targets, reviewing and advising on major government programs such as DVA compensation system simplification, and appearing at senate inquiries to answer questions relating to cancer screening reform.

John Body, Panel Member

Since 2000, John has pioneered the application of design to large complex systems, starting with his work as a senior executive at the Australian Taxation Office to enhance Australia's tax system. He identified the opportunity to apply design across many national systems and founded ThinkPlace in 2005.

John co-designs policy and strategy for government departments and organisations that directly inform and influence ministerial decisions. Globally, he is a key contributor to several programs tackling global health and nutrition like the Bill & Melinda Gates Foundation's fight against global malnutrition and co-design partner for the world's largest public health initiative, Breakthrough ACTION by USAID and Johns Hopkins University.

John continues to inspire design-thinkers from across the world. He is committed to driving change from within the system, by partnering with forward-thinking leaders across public and private sectors towards moving the needle on the UN's sustainable development goals.

Scope of the inquiry

The Panel was tasked with undertaking this inquiry into the future of the ACT club industry leading to the development of a comprehensive industry transition plan, pursuant to the scope outlined in the Terms of Reference, approved by the Minister for Gaming Reform and Chief Minister.

In scope for the Panel, was examining and making recommendations about:

- transitioning the club industry over a 20-year period to significantly reduce club reliance on gambling revenue
- practical options, timeframes and assistance measures to support the club industry, its workforce and other affected stakeholders during an industry transition aligned with the ACT Government's commitment to reduce the number of EGM authorisations to 1,000 by 2045
- the economic and social contribution of the club industry and possible measures to mitigate any potential adverse economic impact arising from changes to industry through transition

The Panel has also considered options for, or made findings about:

- possible changes to regulatory settings that could support the industry to establish alternatives to gambling revenue
- skills and training requirements and other support necessary for club industry workers, volunteers and board members
- future uses of club-owned land that would provide community benefit as part of establishing new, sustainable business opportunities for clubs
- a comprehensive qualitative evaluation of the financial and social contribution made by the ACT club industry to the economy, government and community in the ACT and region
- addressing any potential impact of reduced EGM revenue on the ACT Government, individual clubs, sporting clubs and other stakeholders such as non-governmental organisations and facilities supported by club 'community contributions'
- ACT-NSW cross-border issues relevant to club industry regulation and associated potential for disadvantage to the ACT economy
- coherence between any findings or recommendations made by the Panel and the ACT Government's policy commitments broadly and those aimed at reducing gambling harm

Derived from the Terms of Reference for the inquiry.

The Panel was unable to perform detailed economic analysis of the community contributions made by clubs, whether in-kind or direct financial payments. This was due to the lack of availability of high-quality, verifiable and complete data related to such contributions.

The Panel was also unable to perform detailed economic analysis of the fiscal and budget impacts of transition for the ACT Government. This is because those impacts are heavily dependent on the specific transition plans to be developed by each club and factors such as the nature of future revenue streams they intend to develop, and the impact of their specific transition plans on employment levels and taxation liabilities.

Governance

Governance of the independent inquiry operated as a layered system of accountability, transparency, and integrity. The Panel, chaired by an independent leader, served as the primary decision-making body responsible for setting direction, deliberating on evidence, and forming recommendations. Panel members brought diverse

expertise and perspectives, working collectively to ensure no single interest dominated and that all recommendations aligned with the inquiry's principles.

The chair guided the process, ensuring impartiality, fairness, and disciplined focus. They facilitated deliberations, managed conflicts of interest, and acted as the trusted public voice of the inquiry, maintaining credibility throughout.

The ThinkPlace^{X} Project Lead and Management Team ensured that there was a viable and effective plan in place, that resources were being mobilised effectively, responsively and proactively, and that operational risks were managed.

The observatory (a research facility set up to deliver high quality research and engagement) ensured that the Panel had access to high-quality, high-integrity insights, emerging from a combination of engagement, research and data analysis, and for ensuring that the evidence base built was transparent and fair, within legitimate constraints.

Finally, governance **was reinforced** by procedural safeguards: conflicts of interest declarations, regular reporting milestones, and mechanisms to test and ground-truth emerging insights with stakeholders. This ensured the inquiry was not only independent in design but also experienced as independent by the community-building trust in both process and outcomes.

Accountabilities

Panel members

- Contributed their expertise, lived experience and sector knowledge to ensure a balanced, evidence-based inquiry
- Reviewed and deliberated on submissions, evidence, and stakeholder input with impartiality
- Upheld the principles of the inquiry, particularly inclusivity, harm minimisation, and no displacement of risk
- Participated actively in discussions, decision-making, and formulation of recommendations

Chair

- Provided overall leadership and direction for the inquiry
- Ensured panel processes were transparent, fair, and aligned with the inquiry's principles
- Facilitated deliberations, managed differing perspectives, and guided consensus-building
- Acted as the public face of the inquiry, communicating progress and outcomes with credibility and authority

Observatory (engagement, research, and evidence lead)

- Oversaw and coordinated the evidence-gathering process, ensuring triangulation of literature review, public submissions, interviews, and roundtables
- Managed stakeholder engagement in ways that were inclusive, ethical, and culturally appropriate
- Ensured insights were grounded in data, validated through groundtruthing
- Lead the design and delivery of research outputs that informed panel deliberations
- Upheld inquiry principles, ensuring evidence processes were transparent, rigorous, and free from bias

ThinkPlace^{X} project team (project lead, management and delivery support)

- Ensured that there was a viable and effective plan in place to deliver the inquiry
- Mobilised resources, responding proactively to emerging needs and challenges
- Managed operational risks to ensure the inquiry ran smoothly and maintained credibility

- Provided logistical and facilitation support for interviews, submissions, roundtables, and groundtruthing activities
- Coordinated communications, timelines, and deliverables in line with inquiry requirements

Secretariat

- Provided operational, logistical, and administrative support to the Panel
- Maintained transparent records of meetings, decisions, and evidence considered
- Coordinated communications, including public notices, submission processes, and publication of findings

Guiding principles

To support the Panel's exploration into a sustainable transition away from gambling revenue for ACT Clubs, six guiding principles were established.

1. Strategies and solutions should not be in conflict with, and ideally should further, a club's purpose.
2. Strategies and solutions should not undermine the gambling harm reduction intent of the reforms.
3. Strategies and solutions should where possible deliver benefits to the ACT community in line with community social, environmental and economic priorities.
4. Strategies and solutions should meaningfully contribute to the sustainable financial viability of clubs in the ACT as they transition away from gambling revenue.
5. Strategies and solutions should consider and address risks to the continued viability of other organisations in the ACT who might be affected by their implementation.
6. Strategies and solutions should consider the risk that harms are being shifted rather than reduced, and seek to mitigate this risk where it is present.

Through the initial submission process stakeholders were asked to comment on the above principles. The Panel considered the feedback and the following guiding principles were added.

7. Strategies and solutions should consider club diversity, including size, structure and resources, ensuring there is not a 'one size fits all' approach
8. Strategies and solutions should not compromise equity, inclusion and accessibility outcomes for the ACT community.

Discovery phase

September to November 2025
The Panel took an evidence-led approach to the review.

The Panel engaged deeply with the evidence, including:

- Reviewing the different club types, to logically develop a taxonomy of the sector. This supported better decision making and understanding of the varying economic impact of EGM reduction and its financial impact at a club level
- Leveraging existing research and ACT Government data provided to the Panel to understand the social and economic benefits of gambling harm reduction
- Examining the first phase and surrender of 1,000 EGM authorisations by community clubs, its effect and perceptions
- Understanding how club profits are being distributed to the community today, and what may be at risk for community investment
- Reviewing the regulatory environment and prior governmental actions taken to reduce EGM authorisations

In this phase, the Panel focused on understanding the economic, social and regulatory landscape as it pertains to the transition. To do so:

1. The Panel met regularly with members of the secretariat to discuss questions that needed exploration, review emerging insights and task the secretariat and the observatory with research.

2. The Panel hosted five discovery focused roundtables, and a number of interviews. At least one Panel member was in attendance at each of these engagements with additional facilitation support provided at the Panel's direction.

3. The first consultation discussion paper and submission process was launched and open to the public over 8 weeks.

4. Submissions were reviewed by the Panel and observatory, and the observatory synthesised those submissions for further consideration by the Panel.

5. An independent economic assessment was undertaken to identify potential future uses of club-owned land that would provide community benefit as part of establishing new, sustainable business opportunities for clubs. This included potential enabling of affordable housing, aged care and supported accommodation where appropriate having regard to cohorts that may be vulnerable to gambling harm.

6. Discovery phase insights have been synthesised into this report, capturing engagement insights, themes, transition-relevant risks and opportunities, and the results of research and data modelling.

Outputs

- Five cohort specific roundtables and two online
- Discovery-phase consultation discussion paper and submission process
- Highest and best use land study and report

Co-design phase

December to February 2025

The Panel created the processes and spaces for genuine engagement with the club sector, the community, and the governmental and services sectors.

In the second phase, the Panel focused on the translation of what had been learned in the discovery phase into potential recommendations, models, and transition supports that would realise the policy outcome, mitigate systemic, regulatory and club/community-level risk, and ensure a clear and responsive pathway to a sustainable future for the sector.

To do this:

1. The Panel continued to meet regularly, including with members of the secretariat, to discuss questions that needed exploration, review emerging insights, and task the secretariat and the observatory with analysis and modelling.

2. The Panel hosted co-design roundtables with different stakeholder cohorts, to playback what had been heard in the discovery phase, and hear different perspectives on the risks, opportunities, issues, gaps and questions needing answering. At least two panel members attended each roundtable, with additional facilitation support provided at the Panel's direction.

3. The Panel, with support from urban economics partner Macroplan, undertook a land use potential analysis to understand how development opportunities across club sites will evolve over the short, medium and long term, and measures that will mitigate risks or enhance opportunities both for clubs, but also for beneficiaries of club supports or those whose roles in the ecosystem would be affected by the transition including seniors housing, healthcare providers, childcare operators, retail tenants, residential developers and community organisations, given the significant land use diversification dimension identified across the six case study sites.

4. An interim report was developed.

It is important to note that co-design sought views and input but did not place the task and accountability of designing the Panel's findings, recommendation and transition plan on others. Ultimately, the Panel made an independent judgement on their recommendations. Co-design was, however, an important input into the Panel's thinking.

Outputs

- Four mixed cohort roundtables
- Interim report, including recommendations

Validation phase

March to May 2026

In the validation phase, the Panel developed an interim report, including insights and recommendations, which was then made available for public comment via Qualtrics and the Justice and Community Safety website. This provided stakeholders and the community with an opportunity to respond to what was being proposed by the Panel ahead of the Panel finalising its recommendations.

A final round of virtual consultations was also hosted to seek input and views on the interim report.

The Panel deliberated on the submissions and consultation outcomes, and tasked the observatory and secretariat with final modelling, research and validation tasks.

Outputs

- Validated final report

Current state

What we heard

Current state insights were derived from the discovery phase of the inquiry which explored the role of clubs in the ACT and how that role may intersect with the use of EGMs. Consultation activities undertaken in the discovery phase are outlined on page 15.

Contributing cohorts included clubs with EGMs, clubs without EGMs, sporting and special interest groups, community organisations, suppliers to the club sector, academia, peak bodies, individuals, other industries, investment management firms and developers.

The following reflects the insights the Panel captured from the contributing cohorts during the co-design and consultation process.

Gambling in the ACT

The 2024 ACT Gambling Survey was commissioned by the ACT Government and is the fifth in a series of surveys to monitor trends in gambling participation, risk and harm. The survey intends to understand gambling behaviours and associated harms to inform and shape public health strategies and policy decisions within the ACT.

Findings revealed that 53.2% of ACT adults had gambled in the past year with 15.7% of the ACT population reporting participation in EGM gambling, and a total of $188m expenditure in 2022-23, significantly higher than any other form of gambling expenditure in the ACT such as lotteries, casino, keno or wagering.

Findings also revealed that just 1.4% of people who gamble account for 45.5% of total gambling money lost in the ACT. 15.8% of adults in the ACT reported experiencing some form of gambling-related harm in the last 12 months, including harm from their own gambling, someone else's gambling, or legacy harm, with young men more likely to experience harm from their own gambling, and women more likely to harmed by another person's gambling. This harm also disproportionately effects vulnerable populations with socioeconomic factors such as not being in paid work, not having tertiary qualifications, and having a lower or middle income correlating with a higher overall burden of harm.

Rockloff, M.*, Russell, A.M.T.*, Browne, M., & Hing, N. (2025). 2024 ACT Gambling Survey. Experimental Gambling Research Laboratory, CQUniversity Australia.

* These authors contributed equally to the report.

Community contribution

"Clubs are interwoven into the fabric of our social, sporting and community activities from community events like multicultural festivals, sporting events and teams plus local charities.

"Clubs are an integral part of the community and provide wide benefits. Apart from the contributions made to community groups they serve as an important and affordable meeting place for individuals and families. Clubs are an important place for elderly to meet and allow for social connections."

One of the most dominant findings of the discovery phase was clubs' contributions to the ACT. The registered clubs with EGMs cohort described their primary contributions to the ACT community as social, cultural and economic, delivered through affordable food and beverages, family friendly social spaces, and free or low-cost meeting and function facilities used by other smaller clubs or not-for-profit groups. These contributions were consistently framed as supporting social inclusion, particularly for older people at risk of isolation, culturally and linguistically diverse communities, and young people.

This perspective was strongly reflected in stakeholder submissions and consultations. As one participant stated:

"The contribution of clubs in the ACT to their communities cannot be underestimated. Every cent from clubs goes back to communities in the form of charitable organisations, sporting groups and other community groups. As a past owner in a hospitality group, I also see the role clubs in the ACT play to offer affordable dining and social establishments for the community. Whilst they engage and support community financially, the business model of a club in the ACT, also provides community for local people. Friendly faces, social engagement, affordable dining and experiences."

Due to the various social, financial and in-kind contributions clubs provide, often enabled by EGM revenue, some preferred the idea of alternative harm reduction measures such as staff training and proactive in venue interventions over EGM removal. It was suggested that the current ACT Government policy response was *"disproportionate to the problem"* and warnings that reduced EGM revenue could lead to club non-viability, fewer socially beneficial activities, and increased membership costs that may restrict social participation particularly for pensioners. There were concerns that the ACT Government hadn't adequately considered the gap that may be left by clubs if they were to close or diversify.

"What is the government's plan to fund this when the clubs close?"

On the contrary, those from the academia cohort argued that any community benefit provided by clubs was outweighed by EGM related harm, expressing concern that hosting community and sporting groups normalised gambling exposure from a young age and asserting that clubs would deliver greater benefit without EGMs.

"The amount of the current and past club community contributions is negligible compared to the harm the EGMs cause to the ACT community… Clubs should be spaces where community members can gather without exposure to gambling, which is not the case in the ACT."

Community contribution - social

Community connection was seen as a vital component of clubs and removing spaces for social interaction was likely to contribute to Canberra's isolation problem, particularly in older age groups. There were also concerns for members and other people in the community who use clubs as a space of social interaction, and sometimes a place of refuge, most recently experienced during bushfires in the ACT region.

"We inhabit the darker hours and there are a lot of people who inhabit those hours."

Revenue from gaming was seen by many as vital to funding social connection and support, a contribution to the community by clubs that is not reflected in annual reports or measurable outcomes.

"My mother died in her early 80's, she survived by going to the clubs, that was her social interaction."

Stakeholders from the individuals cohort (those not speaking on behalf of a club or group) noted that clubs were integral to the ACT social, cultural and sporting fabric, valuing them as welcoming and affordable spaces that reduce social isolation, particularly for seniors, multicultural communities, veterans and other vulnerable groups, with affordable pricing benefiting pensioners and families. Respondents highlighted benefits not easily replicated by cafes, libraries or governmental venues, including free or low-cost access to function spaces, equipment, catering and facilities.

"If you take away all of those spaces where people overcome that social isolation, we're going to increase the cost of social isolation and how does the territory pay for that?"

Community contribution - financial and in-kind

Multiple stakeholders reported on the provision of financial and in-kind support from clubs to sporting teams, community organisations, schools and charities across the ACT.

"Clubs provide millions of dollars annually to local sporting teams, welfare groups, and community initiatives that would otherwise struggle for funding."

Affordable or free access to venues, sporting fields and meeting spaces was identified as critical to the viability of sporting and special interest groups. Club contributions were reported to enable competitions, junior development programs, scholarships and grants, equipment, uniforms and venue maintenance, filling funding gaps not met by governmental or private venues. Beneficiaries included car clubs, chess clubs, public speaking groups, volunteer organisations and multicultural groups. Some respondents acknowledged these benefits were funded through EGM revenue and cautioned that without transition planning, loss of club support would significantly affect the ACT community.

"Community clubs like ours rely heavily on the partnership and contributions from ACT clubs. This support directly underpins participation, inclusion, and wellbeing across our sporting programs."

Community organisations similarly identified clubs as major contributors, providing facilities and funding often unavailable through governmental channels. Stakeholders reported partnerships supporting people living with dementia, older single women, people with disability, Australian Federal Police and Defence personnel, and faith-based groups. Discounted or free meeting spaces were consistently identified as enabling welcoming environments that reduce stigma and strengthen social networks, while grants and in-kind support removed financial barriers and provided stability for not for profit and volunteer run organisations.

"Our work is made possible through the generosity of ACT Clubs, whose support goes far beyond funding: it represents care, community, and compassion. The contributions from ACT Clubs allow us to deliver vital programs… without their continued support, small charities like ours could not make the same meaningful difference in people's lives. These partnerships strengthen connection, resilience, and mental wellbeing across the ACT."

RSL clubs were highlighted for offering reduced cost access to facilities for sub-branches as critical to sub-branch viability, commemorative activities and ongoing veteran support. Clubs emphasised that reductions in EGM revenue would place these benefits at risk.

Employment

"Clubs are major employers across the ACT, providing stable jobs, apprenticeships, and career pathways in hospitality and management."

In many clubs, volunteer boards play a central role in sustaining these contributions, shaping priorities and overseeing delivery alongside paid staff. The potential impact on staff in the transition to reduce EGMs was also a consideration for clubs, with many providing employment opportunities for university students and young people, flexible work options for parents, second jobs for people who require additional income, and opportunities for a meaningful and rewarding career in the industry.

"The nurturing they get for their first job sets them up for the rest of their career. There is no certainty for us and for our staff that we will [continue to] exist."

They were also identified as contributors to the local economy through employment and training pathways into hospitality careers. Some clubs were cited as major ACT employers. There were concerns that changes to clubs as a result of the transition may cause employment opportunities to leave the ACT with people seeking employment across the border in NSW.

"Clubs are a critical component of the economy that we underestimate."

Reliance on EGM revenue

There was deep concern amongst clubs about their high dependence on EGM revenue and that profitability would be difficult, if not impossible, to make up through additional food and beverage sales. Participants shared that many clubs are already struggling with structural decline in EGM revenue, making it challenging to diversify. They also shared their concerns that EGM authorisations are typically used by banks as loan collateral for clubs, meaning that the structural decline, accelerated by governmentally forced reductions in EGMs, may trigger covenant breaches and see the banks calling in loans. Some clubs have already been denied loans by banks on the basis that EGM authorisations are no longer reliable collateral.

The ability to transition was a particular concern for small clubs who are already *"largely unprofitable"*. It was also stated that it would not be a *"quick fix"* and would in fact take *"decades"*.

"What community benefits do you currently provide that maybe at risk if gambling revenue declines?" Answer: "Everything".

Gambling harm

For those in the community services space, gambling was described as a "part of the culture" and something their clients do to "fit in" with peers. They observed the strong link between alcohol and gambling as well as the financial pressures the two create.

"Online gaming and pokies are probably hand in hand problematic. You can bet on anything, it's really widespread."

Online betting and other forms of online gambling, alongside EGMs, were identified as problematic, which some suggested could be further exacerbated if EGM availability was to decline based on their assessment of the migration taking place during the COVID-19 pandemic. Some stakeholders described the current rates of gambling in the ACT, and the significant harm created, as a *"public health crisis".* They discussed what a reduction of EGMs would mean for the people of the ACT, particularly in relation to gambling harm, raising risks such as the possibility of people moving to other forms of gambling, *"silent gambling"* in their homes, risks migrating across the NSW border, or remaining machines that will compensate for the reduction through higher usage rates.

"In any other area you'd say it's an immediate public health crisis. We are talking significant amounts of harm; we've seen no reduction of harm over a decade."

While many acknowledged their positive contributions, clubs were also labeled *"biggest cause of harm in the community"* and were accused of using the *"victim narrative".* Although the community contributions were acknowledged, it was claimed that any good they do for the community was automatically negated by the harm they cause. There were concerns that the low-cost amenities that clubs provide were exposing young people to gambling and that their sponsorship of community and sporting groups was normalising gambling through advertisement. It was argued that social benefits attributed to clubs would be better delivered through government-supported alternatives with reduced gambling harm lowering public expenditure on domestic and family violence, crime, mental ill health and suicide.

Many were concerned that the 20-year runway was too long and a reduction to only 1,000 EGM authorisations was not enough, that faster, stronger action was required to mitigate gambling harm.

"In the short term the reduction wouldn't impact on clubs or problem gambling rates as there isn't likely to be a reduction in play, it just increases play on existing machines."

Some also questioned whether this policy would be impacted by further regulatory changes made by the ACT Government. They suggested that more regulation that was in line with the evidence of the impacts of gambling was essential, including regulation to machines, and to gambling advertising.

"We have been pushing for reforms for regulation of actual machines… that's by far the best way to do it. The government is clearly about just reducing the number of machines."

They were also confident the market would diversify, and that community groups would be supported through corporate sponsorships or government grants.

Conclusion

Throughout the discovery consultation, the Panel heard a variety of views from diverse stakeholder groups which has come to inform the potential impacts of the transition, the vision for the future and the recommendations.

Impacts, risks and considerations

Potential impacts of transition

EGM profits currently subsidise many of the social, cultural and economic functions of ACT clubs, including affordable hospitality, employment pathways and substantial support to sporting, charitable and community organisations. Without effective transition arrangements, reduced EGM revenue and profit is likely to create a funding gap that weakens these contributions and disproportionately affects groups that rely most on clubs for connection and support.

Impacts will not be evenly distributed across the sector. Larger or more diversified clubs are better placed to adapt, while smaller or highly EGM dependent clubs face higher risks of financial stress, consolidation or closure if revenue declines faster than alternatives mature. Poorly sequenced reform may also shift some gambling activity online or to interstate venues, reducing local benefits and potentially diluting some of the harm reduction gains.

The following subsections assess the potential impacts of reducing EGM authorisations, drawing on information gathered through submissions, roundtables and expert input.

Primary impacts

Impacts on Clubs contribution to society

A reduction in EGM authorisations has the potential to materially affect the social, cultural and economic contributions made by ACT clubs. The input provided to the Panel through submissions and roundtables indicates that clubs play a role well beyond hospitality, operating as accessible places of social connection, particularly for older people, seniors living alone, culturally and linguistically diverse communities, veterans and others at risk of isolation. Submissions and roundtable participants emphasised that clubs operate during hours when alternative social spaces are limited and that, for some members, these venues represent their primary or only regular point of human interaction. Reduced EGM revenue may therefore constrain clubs' capacity to sustain this function, with flow on impacts for social connection.

Reduced EGM revenue is also likely to limit clubs' ability to provide affordable food and beverage, low cost or free meeting spaces, and informal community support that is not readily captured through financial reporting or measurable outputs. Stakeholders described these offerings as central to clubs' value as familiar environments where people feel known, welcomed and supported, including individuals experiencing loneliness, mental health challenges or financial stress. A contraction in these services may weaken the informal supports that help mitigate isolation and disengagement, increasing reliance on other parts of the social system.

Information provided to the Panel through submissions and roundtables further indicates that reductions in EGM revenue would directly affect clubs' capacity to support community organisations, sporting clubs, schools, charities and volunteer groups. Current contributions include direct funding, sponsorship, in kind assistance and access to facilities, supporting grassroots sport, junior development programs, uniforms, equipment, venue maintenance and competitions, as well as charities working in mental health, first responder wellbeing, disability, dementia, domestic and family violence and multicultural community services. Clubs also contribute to the upkeep of sporting fields, green spaces and associated community infrastructure, including grounds, and facilities and amenities that enable participation, support organised and informal recreation, and contribute to local environmental amenity. Several community organisations reported receiving little or no governmental funding and relying heavily on club support, suggesting that reductions in EGM revenue and profits may threaten the viability of these activities in the absence of alternative funding sources.

Employment contributions are also likely to be affected. Clubs currently provide entry level jobs, flexible work and training pathways for students, young people, people with disability and those seeking supplementary income. Participants expressed concern that reduced EGM revenue and profits would undermine clubs' capacity to sustain employment levels, training opportunities and early career mentoring, with potential consequences for workforce participation and skills development.

Taken together, the potential impacts of reducing EGM authorisations on clubs' contributions include:

- reduced availability of affordable and accessible social spaces, particularly for older people and others at risk of isolation
- reduced capacity to maintain and invest in green spaces, sporting fields and associated community infrastructure, including grounds, facilities and amenities that support participation, health and local environmental outcomes
- reduced capacity to provide low-cost food, beverage and meeting facilities
- reduced financial and in-kind support to sporting clubs, charities, schools and volunteer organisations
- increased financial pressure on community organisations that rely heavily on club funding or facilities
- reduced employment opportunities, training pathways and early career development roles
- erosion of informal social supports that currently help mitigate isolation, disengagement and associated social costs

Impacts on club financial viability

Information provided to the Panel through submissions and roundtables indicates that many clubs are already financially vulnerable prior to further reductions in EGM authorisations. Gambling revenue currently provides a critical source of operating cashflow, cross subsidising hospitality operations, community contributions, facility maintenance and employment. Participants consistently stated that food and beverage alone cannot sustain current operating models and that replacing gambling revenue and profits is neither simple nor rapid.

As EGM authorisations are reduced, clubs are likely to face a structural funding gap, with net gaming machine revenue declining faster than alternative income streams can be developed and stabilised. This exposure is intensified by banking covenants explicitly tied to EGM authorisations and/or income, meaning authorisation and revenue reductions can trigger higher borrowing costs, recalling or termination of loans or loss of access to finance due to ACT Government policy changes which legislate surrender of EGM authorisations. In addition, several clubs reported being unable to secure loans to fund diversification precisely because declining gambling revenue and/or prospects of legislated surrenders of EGMs have weakened their borrowing position.

Long development lead times for land further compound these revenue risks. Participants noted that redevelopment or diversification projects typically take ten to fifteen years from concept to revenue, during which clubs continue to face rising rates, charges and compliance costs. Without transitional support, this timing mismatch between declining EGM revenue and delayed replacement income is likely to reduce staffing levels, constrain community grants and sponsorships, increase prices for meals and venue hire, and reduce the affordability of participation in sport and community activities. In more severe cases, stakeholders warned of insolvency, forced asset sales or closure.

Impacts on utilisation of EGMs and other forms of gambling

Reducing EGM authorisations is expected to directly influence how EGMs are used and may have an impact on how gambling activity is distributed across other gambling forms.

The impact on EGM utilisation is highly dependent on whether reductions create a genuine constraint on access. Where reductions result in practical supply limitations, such as increased travel distance or situations where demand exceeds supply, overall utilisation of EGMs would be more likely to decline. In the absence of these constraints, stakeholders cautioned that utilisation may simply become more concentrated on remaining machines, increasing the productivity and turnover generated by those machines. Several participants noted that short term reductions may therefore have little effect on overall gambling behaviour and may instead increase pressure on remaining EGMs.

There is also potential that reduced access to EGMs may increase engagement with online gambling, including sports betting and other digital gambling products described as highly accessible and pervasive. Cross border movement to NSW venues, particularly Queanbeyan, was also identified as a possible response, potentially redistributing gambling activity rather than reducing it.

These forms of potential displacement were regarded by some as a potential concerning impact of the transition because they may reduce opportunities for monitoring gambling harm and intervention while leaving overall gambling participation largely unchanged.

The Panel were advised that a similar impact in the ACT was observed during the COVID-19 pandemic. While overall there was a decrease in severity of gambling harm during the pandemic, there was a constituent of gamblers who migrated to online gambling, with findings showing that 18.1% of existing gamblers started gambling online during or after the pandemic, while a further 5.9% of existing online gamblers increased their level of online gambling activity during the pandemic when they were unable to access in-person venues. (Rockloff et al., 2025). The Panel noted, however, that these displacement outcomes emanated from a total shut-down of EGMs in the ACT, versus a staged reduction of EGMs over a 20-year period. Therefore, they may not be predictive of the scale of what would happen during a staged reduction.

Nevertheless, the Panel agrees that reduced access to EGMs in the ACT has the potential to increase engagement with online gambling and cross border movement to NSW venues, particularly Queanbeyan.

Overall, the responses from clubs indicated concerns that the impacts of reducing EGMs on machine utilisation and other forms of gambling could include:

- potential concentration and increased intensity of use on remaining EGMs where access remains high
- limited short term reductions in EGM utilisation unless reductions materially constrain access
- partial redistribution of gambling activity to online platforms and interstate venues rather than elimination of gambling activity
- increased reliance on potentially less regulated gambling environments, with implications for oversight and harm minimisation.

Secondary impacts

Market driven impacts

The market impacts of reducing EGM authorisations are expected to vary widely across the ACT club sector. The Panel noted substantial differences between clubs in size, asset base, location, governance capability, banking arrangements and reliance on gambling revenue and profits. Larger clubs with significant land holdings and more diversified operations are generally better positioned to adapt through redevelopment, partnerships or expansion into alternative commercial activities. In contrast, smaller clubs, particularly those that are volunteer governed and already financially marginal, face significantly higher risk.

Stakeholders consistently expressed concern that market forces alone are unlikely to support a successful transition away from gambling revenue. Where clubs are unprofitable or lack access to capital, declining EGM revenue further constrains their ability to invest in diversification. Participants reported that banks are often unwilling to lend in this context, with some clubs already denied finance, limiting their capacity to pursue alternative income streams. Without prior transition support, reductions in authorisations may therefore accelerate consolidation, trigger closures, or force short term decisions that undermine long term viability.

There was also concern amongst many stakeholders that poorly sequenced reform could generate unintended market responses, including increased reliance on alcohol sales, higher risk commercial activity, or relocation of gambling to online platforms or nearby NSW venues. While the experience in other jurisdictions such as Western Australia suggests that large scale substitution to other forms of gambling is unlikely, stakeholders repeatedly raised concerns about partial displacement, particularly across the ACT NSW border. Such displacement risks eroding ACT tax revenue while leaving associated social and health costs largely unchanged. The scale of these effects is expected to depend on cross jurisdictional coordination and the presence of complementary regulatory controls.

Exacerbated pressure on government system and policy environment

The reduction of EGM authorisations will likely place significant pressure on the ACT Government's existing system and policy environment, which will be a key determinant of whether reform results in effective transition. The Panel observed that clubs currently operate within a fragmented regulatory system involving multiple governmental directorates, including planning, treasury, gaming regulation, tax, environmental and access agencies. Stakeholders described these functions as operating in silos, with limited coordination and no single point of accountability, increasing the risk that EGM reduction measures interact poorly with other regulatory settings.

The potential system and policy impacts of reducing EGM authorisations include:

- increased coordination demands across multiple governmental directorates
- greater exposure to timing mismatches between EGM reduction and planning or diversification approvals
- heightened regulatory complexity at the point clubs are seeking to respond to revenue loss
- increased risk of inconsistent application of charges, fees, rates increase, and compliance requirements
- amplification of uncertainty for clubs making long term investment and transition decisions.

Participants noted that clubs face compliance-driven regulation that actively narrows viable diversification options through planning constraints, licensing limits, and land-use rules. In the context of reducing EGM authorisations, this has the potential to result in long delays, administrative errors and inconsistent application of charges at the very point clubs are seeking to respond to revenue loss through diversification or redevelopment. These delays and additional cost pressures were described as imposing real and immediate financial burden, increasing uncertainty and constraining clubs' capacity to plan and invest. Following on from this feedback, the Panel has reviewed the legislation and provided a regulatory overview available in Appendix I.

The impacts of EGM reduction are further shaped by the interaction of multiple concurrent reforms, including authorisation reductions, cashless gaming implementation, changes to trading hours and planning reform. Participants expressed concern that these reforms are not aligned in timing or sequencing, compounding uncertainty and financial risk for clubs already managing declining EGM revenue. Without clearer coordination, sequencing and an outcomes focused approach, stakeholders warned that reducing EGMs may intensify systemic stress and undermine transition, rather than enabling clubs to adapt in line with policy intent.

Impacts on club land holdings

Reducing EGM revenue is expected to increase pressure on clubs to rely on land holdings as a source of replacement income. However, the impacts of this shift will vary significantly across the sector due to substantial differences in the scale, location and development readiness of club owned land. Some clubs hold only the land on which their core facilities are located, while others control larger land parcels with redevelopment potential. The Panel observed that clubs with more substantial land holdings have, in many cases, already commenced or explored development pathways.

In this context, the potential impacts of reducing EGMs on club land holdings may include:

- clubs with limited land assets having few viable options to replace lost EGM revenue
- increased financial pressure on clubs whose only land holding is their existing operational site
- greater reliance on redevelopment for clubs with larger land holdings, many of which have already initiated development processes
- limited remaining development capacity for some clubs where land assets are already partially or fully committed

Across all groups, the Panel's inquiries highlighted significant risks associated with land-based diversification. Many clubs lack the governance capability, development expertise and risk tolerance required to undertake complex projects. Participants described pronounced power imbalances between clubs and commercial developers, increasing the risk of unfavourable commercial outcomes. There were also concerns that rezoning or redevelopment may trigger immediate increases in rates, charges and lease variation costs, well before any replacement revenue is realised.

Stakeholders further raised concerns that redevelopment driven by EGM revenue loss could reduce access to sporting fields and community facilities or displace existing social uses. Risks were also identified in relation to distortion of planning processes, potential undue influence, and the appropriateness of co-locating vulnerable populations, including social or affordable housing residents, near gambling activity where EGMs remain in operation. The overall impact of EGM reduction on club land holdings is therefore highly contingent on existing land endowments, prior development activity, and the presence of safeguards that protect community access and ensure land is treated as a long-term civic asset rather than solely a balance sheet lever.

Impacts on the regulatory system

As gambling activity potentially shifts away from regulated club environments, the regulatory system may face reduced capacity for early intervention. Venue based safeguards (including trained staff and Gambling Contact Officers) are less available in online settings, increasing reliance on external regulatory controls with fewer opportunities for direct oversight.

Differences between ACT and NSW regulatory settings may intensify displacement effects, creating incentives for gambling activity to move across borders. Greater regulatory alignment across jurisdictions is therefore critical to limiting gambling transit and managing competitive and fiscal impacts associated with EGM reduction.

Reducing authorisations also places greater importance on the scope and design of regulation beyond machine numbers alone. Regulation of machine characteristics, intensity of use and gambling advertising is also central to addressing underlying drivers of harm.

The impact of EGM reduction on the regulatory system will depend on the system's capacity to operate in a coordinated, jurisdictionally aligned and integrated manner. Without this, there is a risk that regulatory effort redistributes gambling activity without fully realising the expected harm reduction benefits, while placing disproportionate pressure on clubs and the communities they support.

Taken together, these potential impacts illustrate what may change for clubs, communities and the broader system as EGM authorisations reduce. However, impacts of this kind are not automatic: their scale and distribution may depend on whether clubs can plan, finance and deliver transition in time, and whether the policy and regulatory environment enables rather than constrains adaptation. The following section therefore shifts from *what may happen* to *what may undermine* an orderly transition, including the conditions that could cause impacts to intensify, compound or become uneven across the sector.

Key considerations for the future state

The following reflects what the Panel considers is required to enable an orderly transition that maintains community benefit, supports club viability and delivers durable harm-reduction outcomes.

1. **Differentiated pathways, not a single model**
   The future state must enable differentiated transition pathways that reflect material differences between clubs in size, landholdings, location, financial capacity, governance capability and community role, as a one-size-fits-all model risks club failure, market distortion and loss of community access to social and sporting infrastructure.

2. **Transition before reduction, not after**
   Structural transition measures must precede material reductions in EGM authorisations, as reducing revenue before diversification, capability uplift and planning reform are in place risks closures, a hollowed-out community sector and a failed transition.

3. **Active governmental partnership as a system enabler**
   The future state requires active partnership with the ACT Government as a co-enabler of transition, recognising that market forces alone cannot overcome zoning constraints, lease variation charges, tax and rate settings, financing barriers and governance risks borne by volunteer boards.

4. **Clear conditions to avoid perverse outcomes**
   Any transition support must be explicitly conditional, time-limited and transparently linked to permanent EGM reductions to avoid subsidising gambling harm, entrenching dual benefits or creating unfair competitive advantages.

5. **Club-owned land as a community asset, not a balance-sheet lever**
   Club-owned land must be treated as long-term civic infrastructure, with redevelopment only supported where community access, social function, environmental outcomes and affordability are protected in perpetuity.

6. **Mixed-use diversification with guardrails**
   The future state must support mixed-use diversification while establishing guardrails that prevent co-location of EGMs with vulnerable populations, avoid substitution into other high-risk revenue streams, and recognise varying levels of development capability and risk tolerance across clubs.

7. **Capability, governance and workforce uplift**
   Successful transition depends on investment in governance, institutional capability and workforce support, including access to specialist expertise, retraining pathways and measures that protect employment and community service delivery.

8. **Hybrid revenue transition, not abrupt substitution**
   The future state must be based on a managed hybrid revenue model in which EGM reliance declines progressively as non-EGM income grows, preserving community benefit and organisational stability throughout the transition.

9. **Harm reduction beyond venue-based EGMs**
   EGM reduction must sit within a broader harm-reduction framework that addresses online and interstate

gambling, strengthens player protections, maintains access to support services and actively monitors displacement effects.

10. **Legitimacy, clarity and public understanding**
    The future state requires a clear, transparent narrative that explains the purpose of reform, articulates trade-offs, and provides assurance that community contributions, access and affordability will not erode as an unintended consequence of transition.

Collectively, these considerations establish the foundations for a successful transition, but they are not the destination in themselves. They clarify the enabling conditions required to manage risk, avoid perverse outcomes and preserve community value throughout reform. The next chapter builds on this foundation by describing the future state of the ACT club sector and how these considerations come together in a coherent, long-term model.

Future state

Future state vision

Based on its inquiries, the Panel concluded that for ACT clubs to successfully transition from their reliance on EGM revenue and profits, any recommendations need to be grounded in a clear long-term vision.

The future state is **not simply a club sector with fewer EGMs**.

It is a system where:

- clubs operate by generating diversified, community-aligned income,
- community services are preserved and, where possible, expanded,
- gambling harm is reduced system wide in a sustainable way
- public support is earned through permanent harm reduction
- land is used to deliver long-term civic value, and
- transition is managed, conditional and equitable, rather than ideological or laissez-faire.

Vision for the ACT club sector

In developing its recommendations, the Panel adopted the following vision for the ACT club sector over the next 20+ years:

- vibrant, economically resilient, actively growing and deeply socially embedded
- delivering valued community economic infrastructure
- progressively reducing reliance on gambling revenue while continuing to support participation and local employment, and materially reducing gambling harm
- accessible, place-based institutions that strengthen social cohesion, local economies and community life
- providing infrastructure that supports participation, inclusion and resilience across the ACT
- operates within a supportive system with policy stability in partnership with the ACT Government

Vision for an individual club

In developing its recommendations, the Panel adopted the following vision for individual clubs:

- a financially sustainable, community-embedded institution that provides food, beverages, entertainment and social infrastructure
- an accessible space for meetings, gatherings and belonging; and the capacity to deliver meaningful community contributions in cash and in kind
- supporting flexible and reliable employment for all stages of life, skills development and local economic participation
- operating with skilled boards that are able to keep relevant to evolving community and cultural needs, diversify and effectively govern
- maintaining the freedom to diversify, and the flexibility and capability to adapt to community needs while fulfilling their social purpose and responsibilities.

Theory of change

This theory of change sets out how the vision of the model club can be realistically achieved over time. It recognises that clubs operate in a complex environment and that sustainable change results from the sustained and sequenced pursuit of multiple, reinforcing enablers and pathways rather than single interventions.

The transition enablers

1. A clear, shared strategy and direction

Transition begins with a clear and shared strategy for the future of the ACT club sector, grounded in the role of clubs within the broader community and economy. A strong partnership between the ACT Government and the ACT club sector and supportive legislative settings provide legitimacy and direction for change. This strategy anchors all subsequent decisions and investments.

2. Capability building for people and governance

Sustained transition depends on the skills, confidence, and governance capability of directors, executives, and staff. Targeted capacity building enables clubs to manage complexity, risk, and long-term change. This capability underpins all transition pathways.

3. Policy and regulatory certainty

Clubs require clear and credible certainty about the regulatory environment, particularly the gambling reform trajectory and timing of reductions. Certainty enables planning, investment, and orderly transition. Without it, risk aversion and delayed action are likely.

4. Strengthened government administration

Effective transition requires improvements to the ACT Government systems, including aligned timing of lease variation charges and rate increases with streamlined approvals, and enhanced service coordination. Administrative reform reduces cashflow risk and enables clubs to realise value from transition investments. Government systems must support, not inadvertently obstruct, change.

5. Sequenced transition and shared stewardship

Change occurs through sequenced and reinforcing shifts over a 20-year horizon, not sudden reform. Strong shared governance between the sector and the ACT Government ensures transparency, risk management, and adaptive learning. This stewardship maintains momentum and coherence across the transition.

The transition pathways

1. Growth within existing business models

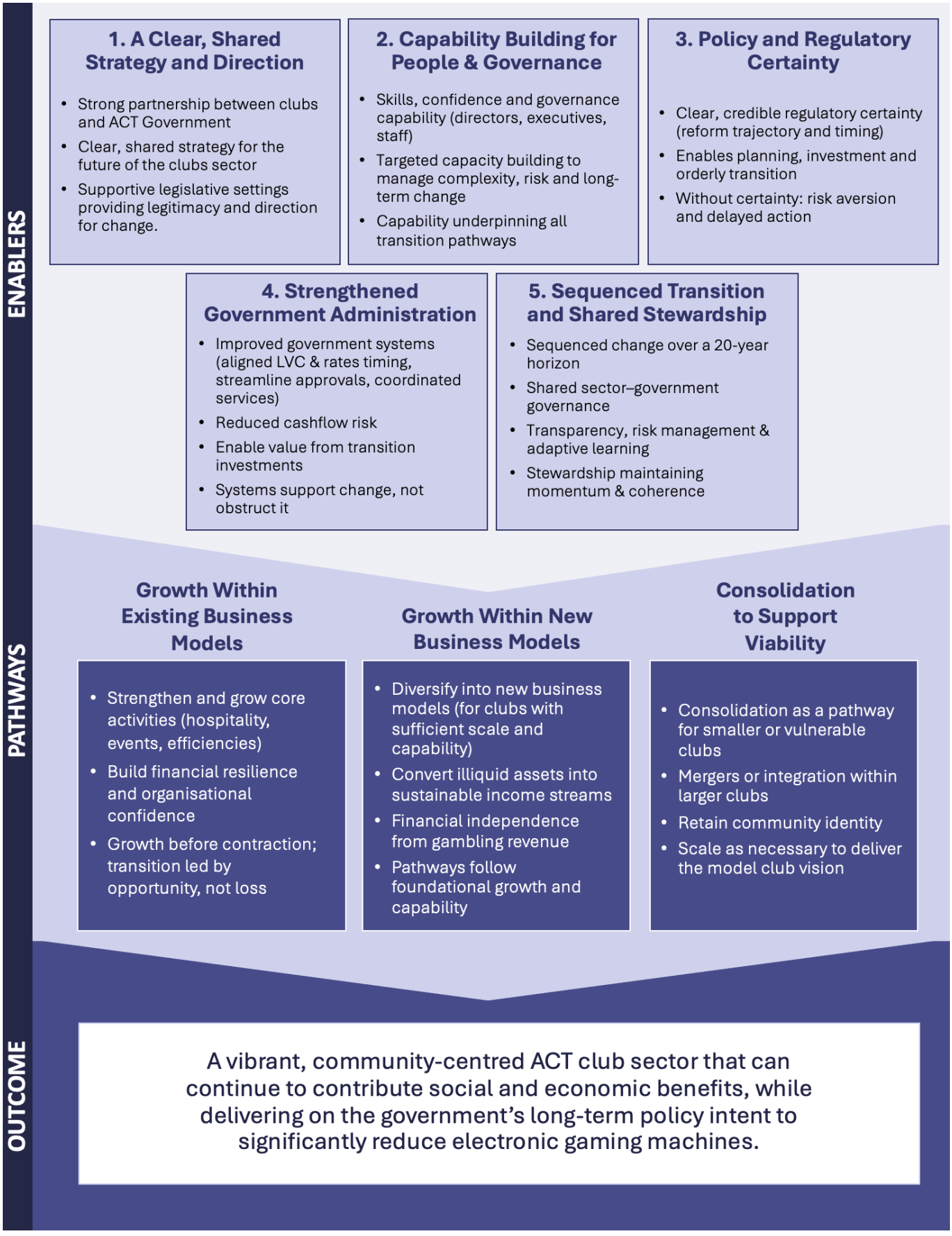
Early action focuses on strengthening and growing existing core activities, including hospitality, events, and operational efficiencies. This builds financial resilience and organisational confidence. Growth precedes contraction, ensuring transition is led by opportunity rather than loss.

2. Growth within new business models

For clubs with sufficient scale and capability, transition includes diversifying into new business models by converting illiquid assets into sustainable income streams. This supports long-term financial independence from gambling revenue. These pathways occur once foundational growth and capability are established.

3. Consolidation to support viability

For smaller or more vulnerable clubs, consolidation provides a viable pathway to sustainability. This may involve mergers or integration within larger clubs while retaining community identity. Consolidation recognises that scale is sometimes necessary to deliver the model club vision.


ENABLERS
1. A Clear, Shared Strategy and Direction
• Strong partnership between clubs and ACT Government
• Clear, shared strategy for the future of the clubs sector
• Supportive legislative settings providing legitimacy and direction for change.
2. Capability Building for People & Governance
• Skills, confidence and governance capability (directors, executives, staff)
• Targeted capacity building to manage complexity, risk and long-term change
• Capability underpinning all transition pathways
3. Policy and Regulatory Certainty
• Clear, credible regulatory certainty (reform trajectory and timing)
• Enables planning, investment and orderly transition
• Without certainty: risk aversion and delayed action
4. Strengthened Government Administration
• Improved government systems (aligned LVC & rates timing, streamline approvals, coordinated services)
• Reduced cashflow risk
• Enable value from transition investments
• Systems support change, not obstruct it
5. Sequenced Transition and Shared Stewardship
• Sequenced change over a 20-year horizon
• Shared sector–government governance
• Transparency, risk management & adaptive learning
• Stewardship maintaining momentum & coherence
PATHWAYS
Growth Within Existing Business Models
• Strengthen and grow core activities (hospitality, events, efficiencies)
• Build financial resilience and organisational confidence
• Growth before contraction; transition led by opportunity, not loss
Growth Within New Business Models
• Diversify into new business models (for clubs with sufficient scale and capability)
• Convert illiquid assets into sustainable income streams
• Financial independence from gambling revenue
• Pathways follow foundational growth and capability
Consolidation to Support Viability
• Consolidation as a pathway for smaller or vulnerable clubs
• Mergers or integration within larger clubs
• Retain community identity
• Scale as necessary to deliver the model club vision
OUTCOME
A vibrant, community-centred ACT club sector that can continue to contribute social and economic benefits, while delivering on the government's long-term policy intent to significantly reduce electronic gaming machines.

Types of clubs in the ACT

To support a structured and proportionate transition away from EGMs, the Panel developed a set of club personas to reflect the material diversity across the ACT club sector. Clubs are starting from very different positions in terms of financial resilience, scale and complexity of operations, governance capability, asset base, and reliance on gambling revenue. These differences materially shape both the risks clubs face and the opportunities available to them.

The personas therefore provide a practical framework for understanding why transition pathways, pacing and support requirements must vary by club type, and for designing targeted, sequenced interventions that respond to differing capabilities, constraints and timelines. These personas are intended to guide the development of individual club-based transition plans, and do not replace the need for each club to develop a tailored transition plan based on its specific circumstances.

The personas and associated land-use profiles are grounded in analysis of real ACT clubs and planning contexts, but have been deliberately de-identified to protect confidentiality while preserving the practical realities faced by each cohort.

Summary

Personas	EGMs	Average total gross revenue	EGM gross revenue	% of total revenue
1. Small cultural club	0-20	~$1-3M	~ $350,000	~20%–35%
2. Large sporting and community club	80-150	~$10-45M	~$5–8 million	~55–65%
3. Small/medium sports club	10-35	~$1-5M	~$0.8‑1.2 million	~30‑45%
4. Large cultural/social club	50-200	~$10-68M	~$4‑7 million	~45‑55%

Persona one – Small cultural club

Small cultural clubs are a culturally specific, volunteer-run organisation established to preserve and celebrate a particular cultural identity. The club operates primarily as a cultural community hall, opening only for festivals, ceremonies and special events. A small EGM allocation (around 20 machines) has historically funded capital investment and helped subsidise operations, but gaming is not core to the club's purpose or identity. The club has no surplus land or divestible assets and faces growing pressure to sustain operations as EGM settings change.

Operating model:

- Volunteer-run model, with declining volunteer availability and ageing demographics.
- Cultural hall opens only a few days per week or for specific events.
- EGMs have funded past refurbishments and operating shortfalls rather than ongoing growth.
- Limited commercial capability; governance often shaped by association charters that may constrain diversification and require amendment.
- No surplus land or assets available for development or sale.

- Ability to refurbish existing facilities is possible but often requires scaling back ambition.
- Operational costs of running the venue are high relative to utilisation.

Contributions:

- Cultural preservation through festivals, language schools, dance groups and ceremonies.
- Social support for elders, new migrants and community welfare activities.
- Affordable venue hire for cultural weddings, events and fundraisers.
- Symbolic and identity-forming role that extends beyond financial metrics.
- Community value is high even where financial contribution is modest.

Persona two – Large sporting and community club

These are large, multi-venue ACT clubs with a high EGM count, significant landholdings and deep financial commitments tied to historic growth and community contribution. While some have begun exploring diversification, the scale, timing and complexity of land-based transition means they are likely to be the most at-risk cohort if EGM reductions occur before alternative revenues mature.

Operating model:

- One licensee operating multiple large venues with substantial fixed costs.
- High reliance on EGMs to fund operations, debt servicing and community contributions.
- Some own land with redevelopment potential, but transition requires significant business acumen, capital and time.
- Constitutions and trust structures may constrain access to capital, asset sales or investment corpuses and may require amendment.
- Long consultation lead times and high compliance costs (community, heritage, ecology, flooding, traffic, transport).
- Planning, DA and infrastructure charges (rates, LVC, consultants) are high and largely upfront.
- Transition timelines are long often 13–15 years before replacement revenue is realised while the club must continue operating.

Contributions

- Major funder of sporting organisations and community programs.
- Provides large, accessible social spaces and facilities.
- Employs significant numbers of staff across hospitality, gaming and events.
- Contribution levels are highly sensitive to EGM revenue; reductions risk fewer spaces, fewer sports supported, and potential venue closures.

Persona three – Small/medium sports club

These are small and medium-sized sporting club whose core purpose is participation, performance and community health. While sport is central to its identity, operating costs remain dependent on EGM revenue, leaving the club vulnerable to EGM reductions. The club has a limited EGM investment base and modest non-gaming margins, making transition challenging without targeted support.

Operating model:

- Single venue combining clubrooms, training spaces, a café/bar, and limited gaming.

- Revenue mix includes EGMs, bar and bistro trade, sports programs, facility hire and merchandise.
- Strong volunteer base supporting competitions, coaching and events.
- Governance focused on sport development, athlete pathways and sustainable funding.

Contributions:

- Enables broad participation in community sport across age groups.
- Delivers health, wellbeing and social outcomes through structured activity.
- Provides affordable access to facilities that would otherwise be cost-prohibitive.
- Supports community health, participation and social cohesion.

Persona four – Large cultural/social club

These clubs are large, non-sporting ACT clubs with significant landholdings and early diversification activity. They are well placed to transition away from EGMs but face high upfront costs, long timelines and structural barriers that threaten cashflow and balance-sheet viability during transition. Without targeted support, the risk is not failure of strategy but failure of timing.

Operating model

- Multi-venue club with substantial EGM revenue currently anchoring operations and debt servicing.
- Land assets provide opportunity to realise surplus value, but redevelopment or sale requires:
    - long planning and approval processes
    - high professional and statutory costs
    - bank covenant compliance and lending constraints
- Limited internal capacity to fund strategic advisors, development expertise or scenario planning.
- Governance models often not designed for paid, skills-based boards or commercial investment vehicles.

Contributions

- Significant employer and provider of community spaces, hospitality and social infrastructure.
- Major taxpayer and contributor to the local economy.
- Financially underwrites community organisations and local initiatives.
- Acts as an anchor institution in suburban centres.

Land-use constraints and opportunities shaping transition pathways

Land-use permissibility and development potential differ materially across club personas and play a critical role in shaping feasible transition pathways. The two tables below summarise what land uses are permitted based on current zoning controls and the potential for other alternate land uses in the future by persona.

These land-use profiles and personas demonstrate that clubs start from very different positions, shaped by their financial resilience, scale, governance capability, reliance on gambling revenue, size of land holding and planning constraints as well as market demand for alternate land uses.

The potential for alternate land uses will need to be determined on a case-by-case basis. That is, each club will need to undertake their own market demand assessments to fully quantify the future need for other uses at their site(s), which is underpinned by local population growth, shifting socio-demographics and the supply (existing and future) for potential uses.

As a result, transition away from EGMs cannot follow a single pathway or pace, but requires flexible, sequenced approaches tailored to each club's context, capability and risk profile.

Table 1 Current state: land use permissibility (existing zone codes)^

Land use zone	PRZ2	CZ6	CZ2
Residential	Prohibited	Prohibited	Permissible
Seniors' housing	Prohibited	Prohibited	Permissible
Medical / Health	Prohibited	Permissible	Permissible
Childcare	Permissible	Permissible	Permissible
Retail	Prohibited	Permissible	Permissible
Commercial accommodation	Permissible	Permissible	Permissible

^ The zone codes listed in Table 1 include the three most common zones that apply to ACT clubs. Some clubs may have additional zone codes applicable to part or all of their land holding.

Table 2 Land use potential (ignoring existing zoning)^^

The land use potential in the below table is based on an assessment of the market demand for various land uses, which was undertaken for a number of case study clubs as part of the Inquiry. It does not take into account the existing approved uses of the land. In other words, the land use potential refers to the market demand potential, notwithstanding that the use may currently be prohibited under the current zoning.

Persona	1	2	3	4
Residential	Strong	Strong	Moderate - Strong	Strong
Seniors' housing	Moderate - Strong Long-term only	Moderate Long-term only	Strong	Strong
Medical / Health	Low - Moderate Long-term only	Strong	Moderate - Strong	Moderate
Childcare	Low - Moderate Long-term only	Strong	Moderate - Strong	Strong
Retail	Moderate	Low	Low - Moderate Long-term only	Moderate
Commercial accommodation	Low	Low	Low	Low

^^ The land use potential for each prescribed persona is based upon independent market demand studies undertaken for case study clubs. The degree of future land use potential is subject to each club's local market conditions for each potential alternative land use.

Persona one – Small cultural club

Persona one represents a small cultural club on a single site in a growing residential area and/or near a town centre. While the location may support some intensification, the site's limited size and current planning controls, including height limits, constrain large-scale redevelopment. Commercial accommodation may be poorly suited as the area is predominantly residential. The most realistic opportunity is partial or full redevelopment for medium-density housing, and in some cases seniors' housing, to generate income while retaining club operations. Small-scale additions such as a café or limited retail may support the club's cultural and social role but are not likely viable at scale. Health-related uses may have potential subject to current supply in the local area.

Persona two – Large sporting and community club

Persona two represents large sporting and community clubs often located close to town centres, with modern clubhouses and primary sporting fields that are central to operations and unlikely to be redeveloped. While these core assets would be retained, many clubs hold surplus land such as large car parks or secondary fields that present redevelopment opportunities. Proximity to shops, public transport, schools and services makes residential development a strong option, aligned with current housing priorities and demand. There is also strong demand for medical, allied health and childcare services, driven by local demographics (such as an ageing population, growing young families, etc.) and subject to supply levels. Retail and short-stay accommodation are less suitable, with only small-scale retail likely to be viable as part of a mixed-use development so as not to compete with the nearby town centre.

Persona three – Small/medium sports club

Persona three represents small to medium sporting clubs typically located in quiet residential areas and operating on land that limits large-scale commercial development but strongly supports housing-related uses. In inner-city locations, residential demand can be high due to urban intensification policies and the advantages of strong access to public transport, shops, hospitals and other services. Seniors' housing is a particularly strong opportunity, as existing sporting uses such as bowling greens complement seniors living. Sites suit small-scale or vertical development, and growth in the older population is strong

with limited new supply. Seniors' housing is also conducive to surrounding residential land uses. Medical and allied health uses can have moderate potential, supported by an ageing population and nearby workers, while childcare demand may currently be lower but may increase over time if there is a lack of new centres in the pipeline. Retail and short-stay accommodation may be unsuitable due to the surrounding centre hierarchy and current levels of supply respectively.

Persona four – Large cultural/social club

Persona four represents large cultural or social clubs located within town centres, close to retail and well served by public transport and services. These high-growth locations support strong potential for residential redevelopment, with additional housing demand expected as surrounding commercial development intensifies. These locations are often forecast to see significant growth in residents over 50, and sites are well suited to vertical development, creating strong opportunities for retirement living or aged care. While this demographic shift increases demand for medical and allied health services, existing supply in town centres may already be substantial. Children aged 0–4 also account for a significant share of the local population, with projected demand for additional childcare emerging over time. Population growth also supports additional supermarket and retail development. By contrast, the short-stay accommodation market may already be competitive, resulting in low overall potential for new supply.

Strategic planning options

The ability for clubs to develop their land hinges on the types of land uses that are permitted under each club's current zoning. If the type of uses that clubs require in order to be able to develop their land are not permissible, then an amendment rezoning to the Territory Plan would be required. However, this may take time to achieve through the normal Territory Plan amendment process.

One option for the ACT Government would be to incorporate an overarching policy in the Territory Plan that makes certain uses permissible on all club-owned land. This would remove the need (and cost) for each club to pursue a zoning change whilst also placing all clubs on a level playing field with the same permitted uses regardless of their current zoning.

An example of such a policy is evident in NSW in the State Environmental Planning Policy (Housing) 2021 (Housing SEPP). The Housing SEPP contains a provision that permits the development of seniors housing on land that is used by a registered club even if seniors housing was a prohibited use within the local council zoning, without the need for rezoning the land.

The types of uses that the ACT Government could consider in such a policy in the Territory Plan would have to be determined through consultation with the community and the clubs to ensure that the right type of uses are permitted, taking into account the likely adjoining existing and future planned uses and any conflict that may arise, plus the feasibility of developing those uses.

Change enablers and pathways

The following proposed five change enablers and three change pathways are work packages that translate the future state vision and theory of change into a practical, sequenced program of action. Together, they set out how the ACT Government and the club sector could operationalise transition over time, recognising differences in club type, capability and risk profile. Each work package addresses a critical component of transition and is designed to be mutually reinforcing, supporting an orderly shift away from reliance on EGM revenue while preserving community benefit, financial viability and public confidence. The work packages are not intended to be pursued uniformly or simultaneously by all clubs, but to provide a structured framework through which tailored pathways can be designed, sequenced and governed.

The change enablers

Change enabler one: A clear, shared strategy and direction

Description

A clear and shared strategy provides the foundation for positive, long-term transition across the ACT club sector. This element brings together four mutually reinforcing components:

First, it articulates a sector-wide strategy for the role of clubs within the ACT community and economy as social and civic infrastructure, contributors to tourism and the visitor economy, places of belonging and participation, employers, and platforms for health, wellbeing, and community connection for all Canberrans.

Second, it defines a clear strategy for each club persona defining what a future-ready club looks like in practice, including its business mix, community role, governance standards, and contribution to social and economic outcomes.

Third, the strategies are jointly owned by the club sector and the ACT Government, expressed through an explicit partnership that aligns public policy objectives with the sector's transition pathway.

Fourth, it includes a deliberate examination of whether more coherent, unifying legislative settings for the club sector would better serve the community, the ACT Government, and the sector itself. Currently, clubs operate across multiple regulatory regimes reflecting everything they do hospitality, gaming, property, employment, community services, and events. This element considers whether greater legislative coherence could provide clarity, reduce friction, and support transition, while maintaining appropriate safeguards.

Across all four components, the emphasis is on a positive vision for growth and contribution, rather than a narrow focus on reducing EGMs and replacing lost revenue.

Why this is important

This element ensures that transition is led by purpose and opportunity, not by compliance or revenue loss. Without a shared and compelling strategy, reform risks becoming fragmented, reactive, and narrowly focused on gambling reduction rather than broader community outcomes.

Clubs are unlikely to invest in long-term transformation without confidence that the ACT Government recognises their wider social, economic, tourism, and wellbeing roles, and that policy settings will support rather than penalise diversification and innovation.

An integrated strategy provides legitimacy for difficult decisions, enables coordinated action across a diverse sector, and establishes a common definition of success. It also forms the foundation of a mature partnership between the ACT Government and the club sector, grounded in shared stewardship rather than adversarial regulation.

How this enabler works

The enabler is anchored in four reinforcing moves:

- An integrated strategy for clubs as community and economic infrastructure, not solely gambling venues. Recognition of clubs within ACT tourism and visitor economy strategies. Position clubs in city-wide and regional events programming
- A clearly articulated model club strategy that provides a practical reference point for investment and change
- A constructive and enduring partnership between the ACT Government and the club sector, aligning reform objectives with transition realities
- Consideration of whether more coherent legislative recognition of clubs potentially through a unifying framework could improve clarity and enable transition, while avoiding rigidity or unintended regulatory layering. Other jurisdictions, such as NSW, have adopted dedicated club legislation that recognises the sector's unique role and obligations. While this can provide visibility and certainty, it can also create inflexibility or overlap with planning, gaming, and other regulatory regimes. Any ACT-specific approach would need to balance clarity with adaptability and align cleanly with existing policy frameworks.

Key considerations

- Strong alignment between the ACT Government and the sector on purpose, outcomes, and contribution
- A clear, shared articulation of what constitutes a "model club"
- A partnership mindset that treats transition as a joint endeavour
- Legislative and policy settings that enable evolution and growth, rather than entrenching legacy operating models

Change enabler two: Capability building for people and governance

Description

Capability building focuses on strengthening the skills, expertise, and confidence of club directors, executives, and staff to lead transition. It recognises that long-term change requires organisational readiness as much as financial capacity.

This enabler underpins all others. Change pathways three and four (see below) require higher levels of business acumen than others. The capability uplift will be tailored to the pathways chosen by individual clubs and to the starting point capability of directors and staff in that club.

Why this is important

Across consultations, governance and capability were the most consistently identified constraints on transition. Directors and executives generally took on their roles to advance community purpose, not to manage complex redevelopment, financing, or commercial risk.

Without targeted support, the expectation that clubs will diversify or redevelop is either unrealistic or subject to high levels of transition risk.

How this enabler works

Capability building includes:

- Governance training focused on commercial decision-making and risk
- Access to external expertise in development, investment, and transformation
- Commercial partnering or joint venture capacity development where the club is often the smaller partner in the partnership, and therefore potentially at the losing end of a deal
- Workforce capability development and reskilling relevant to the specific transition pathways chosen by the club
- Support to revisit pricing, offerings, and margin optimisation

Director risk is a critical consideration. Major redevelopments expose directors to debt, heightened workplace health and safety obligations, and long-tail liabilities (such as building defects). While governmental underwriting of risk could accelerate transition, it raises equity and competition concerns. Any such approach would require careful design to ensure fairness and public confidence.

Key considerations

- Proportionate expectations aligned to club capability
- Clear articulation of director duties and protections
- Equitable treatment relative to other community and commercial entities

Some capability uplift programs have been unsuccessful in the past either because the training was too generic, or it was too specialised for the club in question. Therefore the capability uplift offer must be fit for the club in question. It is best provided through a menu of providers who can provide the specialist training and expertise required in that situation.

Change Enabler three: Policy and regulatory certainty

Description

Policy and regulatory certainty provide clubs with a stable and credible framework within which to plan and invest. This includes clarity on gambling reform objectives, timelines, and the interaction between gambling policy and other regulatory regimes.

Certainty is a precondition for action.

Why this is important

Participants consistently noted that without policy certainty, diversification strategies stall or fail. Directors are being asked to make significant transition decisions and investments which are not possible without policy certainty. Regulatory ambiguity increases perceived risk, discourages investment, and encourages defensive behaviour.

Clubs that have attempted to diversify have often faced unanticipated regulatory barriers, changes and financial impacts.

How this enabler works

Certainty is required in relation to:

- The sequencing and timing of EGM reductions
- The overall package of gambling policy reforms
- The overall set of regulatory obligations that clubs must comply with
- Lease conditions, lease variations, rate uplift, and decision timelines because these can affect the outcome of business case decisions
- Enabling dual-use licensing for conferences, exhibitions, events and liquor sales

In some cases, minor changes to use or services can trigger significant lease variation charges or rates reassessments, undermining financial viability. Addressing this requires clear policy intent and, where appropriate, legislative clarification of what constitutes permissible club activity.

In support of this pathway the Panel has reviewed the legislation and provided a regulatory overview in Appendix I.

Key considerations

- Alignment between gambling, planning, taxation and regulatory policy
- Avoidance of unintended financial penalties for low-risk diversification, such as a wider service offer within the existing club
- Clear guidance to reduce regulatory interpretation risk

Change Enabler four: Strengthened government administration

Description

This enabler focuses on improving how existing ACT Government policy and legislation are administered. It addresses processes, systems, coordination, and service orientation within the ACT Government.

Effective administration enables transition; poor administration obstructs it. Service quality and speed of decision making can be a significant enabler of transition even within existing policy and law.

Why this is important

Even where policy intent is supportive, administrative delays and misalignment can create cashflow shocks and prolonged uncertainty. For asset-based transitions, long approval timelines can precede years of increased costs before any revenue is realised.

This risk disproportionately affects clubs with limited reserves.

How this enabler works

Key administrative improvements include:

- Harmonising the timing and scale of lease variation charges and rates increases with income generation
- Streamlining planning, licensing, and approval processes, with a view for disruptive positive change. For example current development timelines can take ten years from vision to reality. How could this timeframe be halved without reducing community and economic protections?
- Expedited development application (DA) approvals and asset sales to enable capital recycling
- Improving coordination across governmental agencies
- Adopting a service-oriented approach to complex transition proposals

These changes do not require new policy settings but rather improved implementation.

Key considerations

- Whole-of-government coordination
- Clear process pathways for clubs
- Predictable timeframes and decision points

This enabler is not new. The service concierge model and amalgamation of directorates have been proposed in the past and in some cases attempted, but with limited success to date. This enabler is about ensuring existing actions are built on to achieve the intended outcome of a significant service uplift, significant increase in harmonisation and a disruptive level of improvement in approval times.

Change Enabler five: Sequenced transition and shared stewardship

Description

The theory of change assumes that transition occurs through sequenced and reinforcing shifts over a 20-year horizon. Change is cumulative and adaptive rather than sudden or linear.

Shared stewardship between the ACT Government and the sector is essential.

Why this is important

Attempting rapid contraction without enabling growth increases the risk of failure, closures, and unintended social and economic impacts. Sequencing allows clubs to build capability, resilience, and alternative revenue before reliance on gambling is materially reduced.

Shared stewardship maintains momentum and trust.

How this enabler works

This involves:

- Tailoring transition pathways for each individual club or group of clubs
- Staged transition milestones aligned to club capability
- Transparent communication and shared monitoring
- Structured partnerships between ACT Government and the sector
- Continuous attention to risk displacement, equity impacts, and unintended consequences

This approach allows adjustment over time while maintaining commitment to long-term objectives.

Key considerations

- Clear governance arrangements between government and the sector to oversee transition
- Evaluation at specified checkpoints with an honest assessment of progress and consequences
- Willingness to adapt while holding direction

The change pathways

Change Pathway one: Growth within existing business models

Description

This pathway focuses on strengthening and growing existing club business models before significant contraction of gambling revenue occurs. It prioritises improvements to core activities such as hospitality, food and beverage, events, and entertainment, alongside better utilisation of existing assets and operational efficiencies.

Growth within the current model provides the first platform for transition.

Why this is important

Growth builds financial resilience and organisational confidence, creating capacity for later change. If transition begins with contraction alone, clubs are more likely to enter a cycle of managed decline, risk aversion, and reduced community contribution.

Sequencing growth before contraction reframes reform as opportunity-led rather than loss-driven.

How this pathway works

Clubs focus on:

- Enhancing hospitality and events offerings to increase utilisation and margins
- Introducing new programming that attracts broader community participation
- Identifying efficiencies and economies of scale across procurement, staffing, and systems
- Improving asset utilisation, including underused spaces and off-peak periods

These actions are typically lower risk, quicker to implement, and applicable across most club types.

Key considerations

- Flexibility within leases and licensing to allow incremental change
- Access to benchmarking and best-practice operational insights
- Access to high level commercial advice and support to explore revenue and margin uplift opportunities
- Alignment with local demand and community needs

Change pathway two: Growth within new business models

Description

Asset conversion provides a pathway for some clubs to transition from reliance on gaming revenue by unlocking the value of illiquid assets—primarily land and buildings—and converting that value into sustainable, non-gaming income streams. Rather than extracting short-term cash, this pathway focuses on creating enduring income through investment returns or long-term operating partnerships.

This pathway is not suitable for all clubs. It is most applicable to clubs with significant landholdings, sufficient scale, and the governance capability to manage complex commercial decisions over long time horizons.

Why this is important

For clubs with material assets, asset conversion offers one of the few mechanisms capable of generating revenue at a scale comparable to declining EGM income. When executed well, it can provide long-term financial stability, reduce exposure to gambling revenue, and preserve a club's capacity to deliver community benefit.

However, asset conversion also concentrates risk. Decisions are often irreversible, involve long lead times, and expose clubs and directors to financial, governance, and reputational risk.

For this reason, asset conversion must be treated as a deliberate transition pathway supported by strong governance, external expertise, and enabling policy settings.

How this pathway works

Asset conversion can occur through three progressively higher-risk and higher-return sub-pathways. Clubs may pursue different options depending on their appetite for risk, capability, and strategic intent.

2.1 Sale of illiquid assets and investment in a corpus (lower risk)

Under this approach, a club sells land or buildings that are surplus to core operations. In some cases, the asset may first be rezoned to increase its market value. The realised proceeds are then invested into a managed corpus designed to preserve capital while generating a steady income stream (for example, targeting a long-term return of approximately 6–7 per cent per annum).

This option:

- Converts capital value into predictable income
- Avoids exposure to construction and operating risk
- Preserves governance focus on the club's core purpose
- It is the lowest-risk asset conversion pathway but may deliver more modest returns relative to other options.

2.2 Rezone, develop with a partner, sell, and invest (medium risk)

This pathway involves rezoning land, partnering with a developer to deliver a project, and then selling the completed asset. The proceeds are subsequently invested into a corpus to generate ongoing income.

This option:

- Allows clubs to capture additional value through development uplift
- Introduces exposure to planning, delivery, and market risk
- Requires stronger commercial governance and external expertise
- While returns can be significantly higher than a straight sale, this pathway carries greater complexity and longer timeframes before income is realised.

2.3 Rezone, develop, and retain an operating interest (highest risk)

Under this approach, clubs retain ownership or a long-term interest in the developed asset and partner with a specialist operator to deliver services such as childcare, aged care, health and wellbeing services, community housing, or hotels. Income is derived from ongoing operations rather than asset disposal.

This option:

- Offers the potential for the highest long-term returns
- Exposes clubs to operational, regulatory, and partner risk
- Requires sophisticated governance and risk management
- These sectors are typically low-margin and highly regulated, and success depends heavily on partner selection and contract design. This pathway is only appropriate for clubs with strong balance sheets and access to deep expertise.

Key considerations

Across all asset conversion pathways, several conditions are essential:

- Governance capability: boards must understand commercial risk, long-term financial exposure, and director liability that they are exposed to. Indemnifying that director liability could be examined further.

- External expertise: planning, development, legal, financial and investment advice is essential.
- Policy alignment: lease variation charges, rates, and approval timelines must align with real-world development cycles.
- Time horizons: asset conversion often requires 7–10 years before net positive cashflow is achieved.
- Asset conversion should therefore be viewed as a strategic, long-term transition mechanism, not a short-term response to declining gaming revenue.

Change pathway three: Consolidation to support viability

Description

For smaller or more vulnerable clubs, consolidation provides an alternative pathway to long-term viability. Consolidation may involve mergers between clubs or integration within a larger club, while retaining cultural or community identity.

This pathway recognises that not all clubs can sustainably transition independently.

Why this is important

Structural pressures such as declining membership, rising costs, and reduced EGM revenue disproportionately affect smaller clubs. Consolidation can preserve community access and purpose while achieving the scale required for financial sustainability.

Without consolidation options, some clubs may face closure, resulting in loss of community infrastructure.

Scale is not just about commercial viability. It is also a strategy for growth to attract new members because a wider range of services can be offered.

How this pathway works

Consolidation can occur through:

- “Acquisitions” by larger clubs of smaller clubs with complementary assets or memberships. Experience suggests this works best when the smaller club has a dedicated and specially fitted out space in the larger club. The benefit is to both clubs.
- “Mergers” between two or more smaller clubs. This allows for a larger membership base, the combination of resources and the potential release of surplus assets to build a cash reserve. For this to be successful the merging clubs must share common values and purpose.

Key considerations

- Clear governance and decision-making frameworks
- Protection of cultural and community identity
- Access to expert legal, financial, and change management support
- This pathway should be informed by mergers and acquisitions best practice, with careful attention to governance, culture, and stakeholder engagement to avoid loss of identity or community trust. Mergers and acquisitions do not always go well if lessons learnt are not followed.

High-impact summary: Theory of change enablers and pathways by club persona

The theory of change set out above provides a coherent, sector-wide logic for how ACT clubs can transition toward a future that is less reliant on electronic gaming machines while remaining economically viable, socially embedded and capable of contributing to community wellbeing. However, this theory is not intended to be applied uniformly across all clubs.

As explained above, ACT clubs operate with markedly different purposes, scales, asset bases, governance models and exposure to gaming revenue. These differences are not incidental they shape what forms of transition are realistic, over what timeframes, and with what level of risk. Applying the same expectations, sequencing or policy settings to all clubs would risk undermining viable organisations, accelerating unintended closures, and eroding the community value that clubs currently provide.

The personas translate the theory of change into practical, realistic pathways for four distinct types of ACT clubs. Please note that the personas are intended to guide development of individual club transition plans, and do not replace the need for each club to develop a tailored transition plan based on its specific circumstances.

Theory of change enabler	Persona 1 Small cultural club	Persona 2 Large sporting & community club	Persona 3 Small/medium sports club	Persona 4 Large cultural/social club
1. Clear, shared strategy and direction	Strategy focuses on cultural preservation, community access and dignity of transition. The model club is a sustainable steward, not a growth engine. Explicit recognition that value extends beyond financial metrics.	Strategy positions clubs as major social, sporting and tourism infrastructure. The model club is a diversified and resilient institution. Joint ACT Government and sector ownership is essential.	Strategy prioritises participation, health and affordability. The model club is a viable sport delivery platform, not focused on high commercial scale.	Strategy positions clubs as suburban anchors in the community and major employers. The model club is a diversified social and hospitality hub.
2. Capability building (people & governance)	Focus on decision support, constitutional change, and managing volunteer director risk.	Heavy investment required: commercial, property, investment and risk capability. Director liability is a major issue.	Support volunteer boards with governance, financial and workforce capability. Avoid overburdening.	Build commercial and investment governance; boards face development and long-tail risk exposure.
3. Policy & regulatory certainty	Critical to avoid destabilisation. Clear EGM reduction timelines and quantum; scaled compliance expectations.	Foundational. Without certainty on EGM reduction timelines and quantum, zoning, LVC and tax, transition fails.	Important to enable planning and reduce risk aversion. Clear EGM reduction timelines and quantum.	Decisive. Minor regulatory interpretations can make or break diversification viability. Clear EGM reduction

				timelines and quantum.
4. Strengthened government administration	Simplified approvals and clear lease interpretation reduce burden.	Fast-tracked DAs, aligned LVC/rates timing, coordinated advice essential to cashflow.	Streamlined processes reduce compliance load on volunteers.	Administrative efficiency directly affects balance-sheet viability during transition.
5. Sequenced transition & shared stewardship	Allows dignified transition or exit over time. Success = cultural continuity.	Long-horizon stewardship needed to manage timing mismatch and systemic risk.	Gradual, capacity-aligned change protects participation outcomes.	Treat time as a policy lever; risk is timing failure, not intent.
Theory of change pathway				
1. Growth within existing business models	Limited, incremental improvements only (venue hire, small refurbishments). Growth stabilises operations, not revenue replacement.	Core early pathway: hospitality, events, operational efficiency, venue utilisation. Growth precedes EGM contraction.	Modest optimisation of café/bar, memberships, facility hire. Upside constrained; stabilisation not transformation.	Important early stabiliser through hospitality and events, but insufficient alone.
2. Growth within new business models	Not appropriate. No surplus assets, volunteer governance, high risk. Pathway should be explicitly ruled out.	Primary long-term pathway. Sale, redevelopment or partnerships; long lead times (over 10 years). High risk, high return.	Generally not viable. Limited land, thin margins, sport-focused governance.	Core pathway. Redevelopment and partnerships viable but timing and cashflow risk are critical.
3. Consolidation to support viability	Primary structural pathway. Integration or shared services while preserving cultural identity.	Secondary pathway. Larger clubs may absorb or partner with smaller clubs.	Key medium-term option if pressures increase; protects participation.	Selective strategic consolidation possible, not survival-driven.

Persona one – Small cultural club

Preserving identity, stabilising operations, and transitioning with dignity

For small cultural clubs, transition is about recognising the value that they provide to their community, and the wider community. The first enabler of the theory of change – a clear, shared strategy – is important here. For clubs in this persona, the sector-wide strategy must explicitly acknowledge that cultural contribution and social connection are the important public outcomes they deliver, even where financial scale is modest. The model club strategy, as it applies to small cultural clubs, is not one of high growth or diversification into new markets, but of sustainable stewardship: a club that remains open, commercially viable, and culturally active as gaming reliance reduces. This requires a visible partnership with the ACT Government that affirms these clubs as community

assets with a different logic of value. Legislation for these clubs should be aimed, not at the growth pathway, but at reducing legislative burden.

From there, growth within existing business models is possible, but tightly bounded. The second pathway of the theory of change applies in a low-cost way. This includes small-scale refurbishment of kitchens or halls, better use of space for cultural events, and incremental improvements to venue hire pricing. These actions are about strengthening the profitability of the club, not building new revenue streams. Expecting material growth beyond this is unrealistic given the extensive reliance of these clubs on a small volunteer base.

New business models through asset conversion are largely not viable for this persona. With limited surplus land, no appetite for debt, and governance structures based on volunteer association models, redevelopment, rezoning or commercial joint ventures would introduce risks that outweigh potential benefits. This pathway should be explicitly ruled out, providing clarity and reducing pressure on boards to pursue unsuitable options.

Instead, consolidation becomes the central structural pathway. Over time, as volunteer availability declines and operating costs rise, the fourth pathway of the theory of change offers a way to preserve cultural purpose without requiring independent survival. This may involve integration into a larger club or community organisation, shared services arrangements, or the merger of two or more smaller clubs to form one stronger club serving the needs of several cultural groups. The action here is early planning, supported by governmental and sector bodies, to ensure consolidation is orderly, respectful, and identity-preserving.

Capability building therefore focuses less on the commercial acumen to drive a major redevelopment and more on decision support. Boards need help navigating constitutional change, risk management, and difficult choices about independence versus integration. This is where director risk must be actively managed — these are volunteer directors who did not sign up for high-stakes commercial decisions. Government-supported advisory services or safe-harbour mechanisms are more appropriate here than underwriting development risk.

Policy and regulatory certainty are especially important for this group of clubs because even small changes can be destabilising. Clear timelines for EGM reductions, assurance that compliance expectations will scale with capacity, and clarity about permissible ancillary uses of facilities all reduce the complexity that directors must manage. Similarly, strengthened governmental administration — simpler approvals, clearer interpretations of lease terms and conditions, coordinated and consistent advice — can materially reduce burden.

Finally, sequenced transition and shared stewardship must allow for exit without failure. Over a 20-year horizon, some small cultural clubs may transition out of independent operation entirely. This has been a trend over many years. Therefore success, in this context, is cultural continuity and community access — not balance-sheet growth.

Summary of recommendations for persona one - small cultural clubs:

Theory of change enabler	**Persona one** **Small cultural club**
1. A clear, shared strategy and direction	Strategy focuses on cultural preservation, community access and dignity of transition. The model club is a sustainable steward, not a growth engine. Explicit recognition that value extends beyond financial metrics.
2. Capability building (people & governance)	Focus on decision support, constitutional change, and managing volunteer director risk.

3. Policy & regulatory certainty	Critical to avoid destabilisation. Clear EGM timelines and quantum; scaled compliance expectations.
4. Strengthened government administration	Simplified approvals and clear lease interpretation reduce burden.
5. Sequenced transition & shared stewardship	Allows dignified transition or exit over time. Success = cultural continuity.
Theory of change pathway	
1. Growth within existing business models	Limited, incremental improvements only (venue hire, small refurbishments). Growth stabilises operations, not revenue replacement.
2. Growth within new business models	Not appropriate. No surplus assets, volunteer governance, high risk. Pathway should be explicitly ruled out.
3. Consolidation to support viability	Primary structural pathway. Integration or shared services while preserving cultural identity.

Persona two – Large sporting club

Growth-led transition underpinned by time, capital and certainty

For large sporting clubs, the theory of change operates in full, but careful sequencing is a necessity. Transition starts with a clear, shared strategy that positions these clubs as cornerstones of the ACT's sporting, social and tourism infrastructure, not merely large gaming venues. The model club vision is ambitious here: financially resilient, diversified, and capable of sustaining major community contributions without reliance on EGMs. This strategy must be jointly owned with the ACT Government, because the scale of change required cannot be delivered unilaterally.

Early in the transition, growth within existing business models is essential (pathway 1). Before any contraction in gaming revenue, these clubs must look to strengthen hospitality, events, membership offerings and operational efficiency. This includes access to high end commercial expertise where necessary to strengthen revenues and rationalise costs, better programming of large venues and a space utilisation focus to extract more value from existing facilities. These actions build confidence, generate cashflow buffers, and demonstrate momentum — all prerequisites for the longer transition ahead.

Consolidation (pathway 3) can play an important role. Large clubs may become hosts or acquirers of smaller clubs, spreading overheads, strengthening balance sheets, and preserving community access. This requires deliberate strategy and mergers and acquisition expertise to avoid cultural erosion, integration failure, or mission drift.

New business models through asset conversion (pathway 2) then become the primary engine of change, but only once growth has stabilised the core. There are three asset conversion possibilities, either with different benefit and risk profiles. The following possibilities are provided in increasing order of risk.

- The lowest risk possibility is to repurpose assets or sell unimproved assets to a developer. Repurposing may include using the space freed up from EGMs for a different purpose. An example was given of a club becoming a sports hub with related businesses selling sports related products or services, similar to a

small-scale mall. This may require lease variation. Another option here is to sell an asset to a developer where the club is not involved in the redevelopment. Both these options are lower risk aiming to give a clear and predictable return and reduce any risk associated with major asset enhancement. The second possibility is for a club to work with a trusted development partner where the risk and reward is shared. The asset is sold at the end of development. The returns could be higher in this situation but there are cases where sophisticated developers have exploited relatively less sophisticated clubs resulting in a poor deal for clubs. The returns for the club are also delayed.

- The third possibility is for the club to pursue the development with a partner with the intention to operate the asset into the future. The ongoing business could be childcare, aged care, community housing, other residential, a hotel or commercial space for lease or a combination. Each of these are specialised businesses and to be viable the return on investment margin must be 10% or more, a difficult target to achieve in these businesses given high specialised regulatory obligations that must be met.

A significant issue for this category of clubs, many of which are well down the development pathway, is their bank or other financial institution holding EGM authorisations to secure debt obligations. Depending on the way the bank has written the security arrangement, any reduction of EGM authorisations could put the club in breach of its lending agreement.

For these clubs the objective is to provide new ongoing income streams. This is either through a new business model, or through the sale of a developed or undeveloped asset to generate investible capital. This capital is then invested in a professionally managed corpus that can provide a return above inflation of at least 3-4%. This requires professional investment management to deliver a steady and low risk rate of return at these levels.

Given the asset conversion pathway is high risk where asset development is involved, key enablers must be in place early to underpin the pathways. These pathways unfold over 10 or more years, with high upfront costs and delayed returns. Boards must navigate planning complexity, infrastructure charges, financing constraints and community scrutiny long before replacement revenue appears.

Capability building is therefore non-negotiable. Directors and executives must be equipped to manage property risk, investment decisions, debt, and long-horizon uncertainty. This is also where director risk becomes acute. These directors did not sign up to be de facto property developers, yet redevelopment potentially exposes them to personal liability, heightened workplace health and safety risk, and long-tail defects legislation. There is a strong case here for governmental risk-sharing mechanisms — not as subsidies, but as enablers of system-wide transition — balanced carefully against fairness to non-club competitors.

Policy and regulatory certainty are the linchpin. Without transparent and credible sequencing of EGM reductions, and clarity on other gambling reforms, rezoning, lease variation charges, and permissible uses, these clubs face a timing mismatch that could be financially unsustainable. Revenue increases from new business models must align to revenue reductions associated with reduced EGMs. Strengthened governmental administration — fast-tracked DAs, coordinated advice, aligned timing of charges and value uplift — directly affects viability.

Over the full transition, sequenced change and shared stewardship ensure that reform is adaptive, transparent, and resilient to shocks. For this cohort, success is not speed but staying financially sustainable through the transition.

Theory of change enabler	Persona two Large sporting club
1. Clear, shared strategy and direction	Strategy positions clubs as major social, sporting and tourism infrastructure. The model club is a diversified and resilient institution. Joint ACT Government and sector ownership is essential.
2. Capability building (People & Governance)	Heavy investment required: commercial, property, investment and risk capability. Director liability is a major issue.
3. Policy & regulatory certainty	Foundational. Without certainty on EGM timelines and quantum, other gambling reforms, zoning, LVC and tax, transition fails.
4. Strengthened government administration	Fast-tracked DAs, aligned LVC/rates timing, coordinated advice essential to cashflow.
5. Sequenced transition & shared stewardship	Long-horizon stewardship needed to manage timing mismatch and systemic risk.
Theory of change pathway	
1. Growth within existing business models	Core early pathway: hospitality, events, operational efficiency, venue utilisation. Growth precedes EGM contraction.
2. Growth within new business models	Primary long-term pathway. Sale, redevelopment or partnerships; long lead times (over 10 years). High risk, high return.
3. Consolidation to support viability	Secondary pathway. Larger clubs may absorb or partner with smaller clubs.

Persona three – Small/medium sports club

Protecting participation while navigating constrained transition

For small and medium sports clubs, the theory of change must start by clearly articulating their role within the sporting sector of the ACT. The shared strategy needs to explicitly value participation outcomes alongside financial sustainability. The model club strategy here is not about diversification at scale, but about continuing to support and promote their sport and increase community engagement with the sport, especially as gambling reliance reduces.

Growth within existing business models is the first practical lever. These clubs can modestly improve food and beverage offers, increase facility hire, strengthen membership engagement, and optimise sports programs. However, smaller margins will constrain any upside. These actions stabilise operations but will not replace EGM revenue in full.

Asset conversion pathways are generally not available for this persona. Limited land, modest balance sheets, and sport-focused governance mean redevelopment or commercial joint ventures carry disproportionate risk. Expecting these clubs to pursue such strategies would be unrealistic and potentially damaging.

Instead, consolidation becomes a realistic medium-term pathway if pressures intensify. This may involve shared services, consolidation, federation models (several smaller clubs under one governance and shared service umbrella), or integration into larger clubs that can absorb financial risk while preserving sporting identity. Importantly, consolidation here should be framed as protecting participation, not organisational failure.

Capability building focuses on supporting volunteer-heavy boards to manage change without over burdening them. This includes governance training, access to shared expertise, and support in navigating funding, compliance and workforce transition. Director risk must be actively managed; imposing high-risk strategic decisions on volunteer directors without safeguards is neither fair nor effective.

Policy certainty matters because small shifts can have outsized impacts. Clear EGM trajectories, certainty about permissible uses of facilities, and predictable regulatory settings enable planning. Improved governmental administration simpler approvals, clearer guidance, reduced compliance friction directly reduces strain. Sequenced transition and shared stewardship ensure that change is paced to club capacity. Over time, success is measured in sustained participation, health outcomes, and community cohesion - not commercial transformation.

Theory of change enabler	**Persona three** **Small/medium sports club**
1. Clear, shared strategy and direction	Strategy prioritises participation, health and affordability. The model club is a viable sport delivery platform, not focused on high commercial scale.
2. Capability building (people & governance)	Support volunteer boards with governance, financial and workforce capability. Avoid overburdening.
3. Policy & regulatory certainty	Important to enable planning and reduce risk aversion. Clear EGM timelines and quantum.
4. Strengthened government administration	Streamlined processes reduce compliance load on volunteers.
5. Sequenced transition & shared stewardship	Gradual, capacity-aligned change protects participation outcomes.
Theory of change pathway	
1. Growth within existing business models	Modest optimisation of café/bar, memberships, facility hire. Upside constrained; stabilisation not transformation.
2. Growth within new business models	Generally not viable. Limited land, thin margins, sport-focused governance.

Theory of change enabler	Persona three Small/medium sports club
3. Consolidation to support viability	Key medium-term option if pressures increase; protects participation.

Persona four – Large cultural/social club

Strategic transition constrained by timing, not intent

For large cultural or social clubs, the theory of change operates in full, but careful sequencing is a necessity. The shared strategy positions these clubs as anchor institutions in suburban centres, contributing to culture, hospitality, employment and civic life. The transition pathways are very similar to the large sporting club.

For this reason the following is a summary of the key points from the large sporting clubs.

Transition starts with a clear, shared strategy that positions these clubs as cornerstones of the ACT's cultural, social and tourism infrastructure, not merely large gaming venues. The model club vision is ambitious here: financially resilient, diversified, and capable of sustaining major community contributions without reliance on EGMs. This strategy must be jointly owned with the ACT Government, because the scale of change required cannot be delivered unilaterally.

Transition starts with enhancements to existing business models (pathway 1).

The next pathway to consider is consolidation (pathway 3) which can provide some opportunities for larger clubs to increase revenue without much increase in costs, by onboarding smaller clubs.

New business models through asset conversion (pathway 2) then become the primary engine of change, but only once growth has stabilised the core. There are three asset conversion possibilities, each with different benefit and risk profiles. The following possibilities are provided in increasing order of risk:

- The lowest risk possibility is to repurpose assets or sell unimproved assets to a developer with returns invested in a professionally managed corpus.
- The second possibility is for a club to work with a trusted development partner where the risk and reward is shared. The asset is sold at the end of development and returns invested in a professionally managed corpus.
- The third possibility is for the club to pursue the development with a partner with the intention to operate the asset into the future for an ongoing income stream from operations.

A significant issue for this category of clubs, many of which are well down the development pathway, is their banks or other lending providers holding EGM authorisations as security to underwrite debt obligations.

For this pathway, the objective is to provide new ongoing income streams. This is either through new income streams from new business models, or through the sale of a developed or undeveloped asset to generate investible capital. This capital is then invested in a professionally managed corpus that can provide a return above inflation of at least 3-4%.

Given the asset conversion pathway is high risk where asset development is involved, key enablers must be in place early to underpin the pathways.

Capability building is therefore non-negotiable. Capability building must focus on commercial governance, investment oversight and risk management. Director risk is again central: long-term liabilities, debt exposure and personal accountability can deter capable leaders. Thoughtful governmental risk-sharing or underwriting of specific transition phases may be justified, provided transparency and equity are maintained.

Policy and regulatory certainty are the linchpin.

Strengthened governmental administration fast-tracked DAs, coordinated advice, aligned timing of charges and value uplift directly affects viability.

Over the full transition, sequenced change and shared stewardship ensure that reform is adaptive, transparent, and resilient to shocks. For this cohort, success is not speed but staying financial sustainable through the transition.

Theory of change enabler	**Persona four** **Large sports/ cultural club**
1. Clear, shared strategy and direction	Strategy positions clubs as suburban anchors in the community and major employers. The model club is a diversified social and hospitality hub.
2. Capability building (people & governance)	Build commercial and investment governance; boards face development and long-tail risk exposure.
3. Policy & regulatory certainty	Decisive. Minor regulatory interpretations can make or break diversification viability. Clear EGM reduction timelines and quantum.
4. Strengthened government administration	Administrative efficiency directly affects balance-sheet viability during transition.
5. Sequenced transition & shared stewardship	Treat time as a policy lever; risk is timing failure, not intent.
Theory of change pathway	
1. Growth Within existing business models	Important early stabiliser through hospitality and events, but insufficient alone.
2. Growth within new business models	Core pathway. Redevelopment and partnerships viable but timing and cashflow risk are critical.
3. Consolidation to support viability	Selective strategic consolidation possible, not survival driven.

Sector transition plan and recommendations

Staging the transition

The Panel believes that structural change of the ACT club sector must precede material EGM reductions, not follow them. Reducing revenue before clubs have uplifted governance and diversified income would risk closures, a hollowed-out community sector and a failed transition. The Panel also believes that for structural change of the club sector to succeed, a range of key enablers need to first be in place.

The transition of the ACT clubs sector therefore requires deliberate sequencing, where early actions create the conditions for later, more substantial change. The staging of recommendations reflects three core considerations:

1. clubs operate with long-lived assets and debt structures;
2. replacement revenues take time to mature; and
3. harm reduction must begin immediately, even where structural change cannot.

The recommendations are therefore designed across four stages to build confidence first, enable capability next, and deliver structural change progressively, while maintaining club viability and community benefit.

This staging ensures that harm reduction begins immediately, viability is preserved, and structural change occurs only when clubs and the ACT Government are ready and able to sustain it.

Stage 1: Foundation and confidence (2024–2028)

Stage 1 Overview

The first stage focuses on establishing certainty, trust and direction. Government and the club sector jointly articulate a shared strategy for the future role of clubs in the ACT community, supported by clear 20-year EGM reduction principles and a 10-year roadmap of gambling policy reforms. This stage prioritises policy certainty, partnership governance and early, low-risk EGM reductions.

During this period as structural change progresses ahead of EGM reductions, harm reduction nevertheless begins immediately through alternative evidence-based harm reduction initiatives.

Key enabling actions:

- Establish shared stewardship and coordination structures and develop a shared strategy for the future role of clubs in the ACT community
- Publish the preliminary EGM reduction schedule and allocation method and gambling policy reform roadmap
- Initiate early reductions where risk is lowest
- Establish a catalogue of, and introduce, alternative evidence-based harm reduction initiatives.

Stage 1 Recommendations

Theory of change enabler	Recommendations for ACT Government	Recommendations for clubs
Enabler 1 – Clear, shared strategy and direction	**G1. Establish a joint ACT Government - clubs transition statement and strategy (2025-2044).** Co-develop and Cabinet-endorse a shared strategy with the club sector defining the future role of clubs in community wellbeing, tourism and local infrastructure, with EGM reduction framed as one element of a broader transition. Include in the strategy a stronger partnership between the ACT Government and clubs sector recognising their contribution to the community and economy. **G2. Consider whether club specific legislation will improve outcomes.** Build on the stocktake by the Panel of regulatory obligations to assess whether legislative consolidation and simplification for the club sector would improve clarity and outcomes, drawing on NSW lessons and avoiding regulatory layering. Include in this review exploration of cross border regulatory harmonisation with NSW.	**C1. Commit to a shared sector–government strategy for transition.** Formally partner with ACT Government to co-develop, endorse and operationalise a shared strategy that guides planning, investment and advocacy beyond gaming. **C2. Adopt the model club vision as a sector-wide reference point.** Align strategic planning, capital decisions and performance measures to a common definition of success beyond EGM revenue.
Enabler 2 – Capability building for people and governance	*Addressed in Stage 2.*	*Addressed in Stage 2.*
Enabler 3 – Policy and regulatory certainty	**G3. Publish preliminary 20-year EGM reduction plan, setting out reduction principles, schedule and allocation method to guide clubs' preparation of Transition Plans (during Stage 2).** Based on the principle that structural change of the clubs sector must precede material EGM reductions, specify preliminary reduction principles, sequencing, allocation criteria (e.g. club type, exposure, readiness) and a transparent method for estimating and monitoring outcomes, with regular review points in collaboration with the clubs sector to ensure progress towards transition goals. The preliminary 20-year EGM reduction plan should be reviewed, refined (as appropriate)	

	and finalised in light of Club Transition Plans developed in Stage 2 (*see Stage 2 recommendation C9*). **G4. Confirm transitional protections for existing financial commitments.** Provide certainty that EGM authorisations underpinning current financing arrangements will not be withdrawn in ways that trigger defaults or breaches. **G5. Develop and publish a 10-year roadmap of all gambling policy reforms to enable clubs to incorporate into their transition plans.** Provide certainty of the overall package of gambling policy reforms that clubs will need to implement over the next 10 years. **G6. Clarify director duties and liability during transition.** Issue guidance on director duties in asset conversions and major redevelopment and assess whether limited risk-sharing mechanisms with the ACT Government are warranted. **G7. Consider director liability reform under the *Property Developers Act 2024* for not-for-profit organisations.** Review and consider whether individual director liability under the *Property Developers Act* should be waived for volunteer directors of not-for-profit organisations when the organisation is not the controlling builder or developer and has engaged an appropriately qualified organisation to do undertake these roles. **G8. Incorporate into the Territory Plan a policy that makes certain uses permissible on all club-owned land, regardless of current zoning**	

	Removes the need for each club to pursue zoning changes. The permitted uses would be determined through community consultation.	
Enabler 4 – Strengthened government administration	**G9. Harmonise charges, rate increases and timing with revenue realisation.** Reform administrative settings so fees and charges align with when clubs yield the benefits of asset conversion, not when approvals are granted. **G10. Establish a single club transition coordination function.** Create a cross-agency entry point to coordinate and streamline planning, gaming, treasury, community and tourism interfaces, building on and improving existing initiatives through co-design with the sector.	**C3. Engage collectively and early with governmental processes.** Coordinate sector engagement and collaboration with the ACT Government to reduce duplication, identify systemic barriers and improve administrative efficiency.
Enabler 5 – Sequenced transition and shared stewardship	**G11. Create a joint club transition governance group.** Establish a standing ACT Government–clubs forum to oversee sequencing, manage system risks and adapt settings over time based on evidence. **G12. Establish mechanisms for measuring and monitoring community contributions throughout the transition.** The joint transition governance group should establish mechanisms for reliably measuring community contributions and for monitoring the impact of reductions in gaming revenue on funding and support for local sporting and community groups and infrastructure. **G13. Commit to two-yearly public transition reporting.** Report biennially on EGM reductions, replacement revenue, gambling harm outcomes and community impacts to support accountability and adjustment as required.	**C4. Participate actively in shared stewardship and governance.** Commit to transparency, data sharing and adaptive learning across the transition period.
Theory of change pathway		
Pathway 1 – Growth within existing business models	*Addressed in later stages.*	**C5. Prioritise margin optimisation before diversification.** Systematically improve pricing, utilisation, operating hours and cost

		discipline to strengthen resilience within existing models.
Pathway 2 – Growth within new business models	*Addressed in later stages.*	*Addressed in later stages.*
Pathway 3 – Consolidation to support viability	*Addressed in later stages.*	*Addressed in later stages.*
Cross-cutting harm minimisation outcomes	**G14. Establish in conjunction with the club sector and with input from other relevant stakeholders a catalogue of evidence-based harm reduction initiatives that clubs can apply as alternatives to EGM reductions during the transition period, prior to EGM reductions taking effect.** As structural change progresses ahead of EGM reductions, harm reduction should nevertheless begin immediately through alternative evidence-based harm reduction initiatives.	**C6. Commit to implementing alternative harm reduction measures during the transition period, prior to EGM reductions taking affect.** As structural change progresses ahead of EGM reductions, commit to alternative harm reduction measures based on the catalogue of harm reduction initiatives developed under recommendation G14.

Stage 2: Capability and option development (2028–2032)

Stage 2 Overview

Once direction and certainty are established, the second stage builds organisational and system capability. Clubs develop detailed transition plans that set out their intended mix of pathways (growth, asset conversion, consolidation), financial impacts, workforce implications and support needs. Government supports this through advisory panels, governance capability programs and streamlined administrative processes.

This stage is critical for de-risking future change. Asset conversion options are assessed early, consolidation pathways explored proactively, and boards supported to manage long-horizon risk. EGM reductions must remain paced to reflect readiness and financial exposure and based on the principle that structural change must precede material EGM reductions, not follow them, for sector transition to succeed.

Key enabling actions:

- Fund independent feasibility and asset option assessments
- Establish expert advisory and capability panels
- Align planning, licensing and rates administration to transition needs
- Require club-level transition plans as a condition of flexibility

Stage 2 Recommendations

Theory of change enabler	Recommendations for ACT Government	Recommendations for clubs
Enabler 1 – Clear, shared strategy and direction	*Initiated in stage 1; requires ongoing commitment to sustainment throughout all remaining stages.*	*Initiated in stage 1; requires ongoing commitment to sustainment throughout all remaining stages.*
Enabler 2 – Capability building for people and governance	**G15. Establish a panel of accredited governance and transition training providers and provide clubs with grants (*see recommendation G16*) to access those providers.** Enable clubs to access tailored training to uplift director capability, commercial decision-making and long-term transition leadership, recognising diverse starting points. **G16. Redirect the Diversification and Sustainability Support Fund to provide grant funding for clubs to support uplifting capability and developing Transition Plans.** Redirect the Diversification and Sustainability Support Fund to financially support clubs to access training and transition expertise from the panels established under recommendations G15, G22 and G23.	**C7. Uplift governance and transition planning and execution skills.** Shift toward skills-based boards and uplift leadership capabilities for successful transition planning and execution, including commercial decision-making. Allocate specific time for skills uplift.
Enabler 3 – Policy and regulatory certainty	*Initiated in stage 1; requires ongoing commitment to sustainment throughout all remaining stages.*	**C8. Align all planning with stage 1 enabler 3 recommendations for ACT Government.** Embed the policy and regulatory certainty emanating from G3-G8 as core assumptions in all planning, including (but not limited to) financial, asset, workforce and other planning.
Enabler 4 – Strengthened government administration	*Initiated in stage 1; requires ongoing commitment to sustainment throughout all remaining stages.*	*Initiated in stage 1; requires ongoing commitment to sustainment throughout all remaining stages.*
Enabler 5 – Sequenced transition and shared stewardship	**G17. Mandate club transition plans as part of the EGM reduction plan.** Require each club to prepare and periodically update a transition plan with the level of detail proportionate to the club persona and individual set of circumstances. The transition plan sets out how clubs will manage EGM reductions, revenue impacts,	**C9. Prepare, maintain and begin executing individual club transition plans, aligned to the 20-year EGM reduction plan and the policy and regulatory certainty emanating from stage 1 (recommendations G3-G8).** Develop and begin executing a detailed, structured transition plan drawing on

	workforce and community effects, and its chosen mix of transition pathways, with plans used to inform regulatory sequencing and eligibility for governmental supports specified in other recommendations. The plan will also cover all gambling harm reduction measures and projected harm reduction. **G18. Explore amendments or alternative approaches to the Community Contribution Scheme (CCS) to ensure sporting and community groups and social infrastructure that rely on club funding and support are not negatively impacted by transition.** In addition to stage 1 recommendation G12 (for the joint transition governance group to establish mechanisms for measuring and monitoring community contributions throughout the transition), the joint transition governance group should also explore amendments or alternative approaches to the CCS to ensure community support by clubs is not diminished by the transition. This should include exploring how all other available grant and funding programs provided by the ACT Government could be better leveraged. **G19. Develop transition scorecards for monitoring club transition progress.** The joint transition governance group should develop transition scorecards to monitor each club's progress towards transition and ensure that transition is progressing in line with the joint strategy (G1), the 20-year EGM Reduction Plan (G3), the club's Transition Plan (C9) and preventing diminution in community benefits (G12 and G18). The scorecard should, at a minimum, address the following elements: • **Financial transition** – to assess the club's financial stability and ensure reducing reliance on EGM revenues. • **Community benefits impact** – to assess the impacts of transition on	support from the transition panel of experts (*see recommendation G22*), outlining (amongst other things) projected EGM reductions, income impacts, diversification and asset strategies, workforce implications, community impacts, harm reduction initiatives and forecasts and required capability or advisory support, to be updated at agreed milestones. Submit transition plans to the joint clubs transition governance group to enable the 20-year EGM Reduction Plan to be finalised and to determine club eligibility for various supports, such as timing of lease variation charges and rate uplifts, access to advisory services and training, etc. **C10. Commit to ongoing reporting to the joint transition governance group on transition progress.** Each club commits to regular reporting of their transition progress in accordance with the requirements of the transition scorecard.

	community benefits provided by the club (financial and in-kind). • **Harm reduction** – to ensure EGM reductions and alternative harm reduction initiatives are being delivered as planned and having an impact on gambling harm. • **Workforce impacts** – to assess the impacts of the club's transition on workforce participation / displacement.	
Theory of change pathway		
Pathway 1 – Growth within existing business models	**G20. Introduce a targeted fast-track diversification pathway for eligible clubs.** Provide streamlined licensing and planning approvals for clubs with demonstrated readiness to expand events, conferencing, hospitality and community uses without lease variation penalties. **G21. Embed clubs within ACT tourism and events delivery.** Recognise clubs as delivery partners in suburban events, festivals and visitor economy initiatives to grow non-gaming revenue using existing assets	**C11. Prioritise growing non-gaming revenue within existing business models.** Focus on expanding events, hospitality, conferences and other initiatives leveraging existing assets.
Pathway 2 – Growth within new business models	**G22. Establish a clubs transition panel of experts and provide clubs with grants (*see recommendation G15*) to access those providers.** Establish and enable clubs to access a standing panel of pre-qualified development, legal, financial, business advisory, commercial and governance experts matched to club needs to support informed decisions.	**C12. Develop high-level club asset conversion blueprints.** Engage support from the transition panel of experts to prepare a club blueprint for asset conversion pathways, including how those pathways translate into sustainable, post-gaming revenue streams.
Pathway 3 – Consolidation to support viability	*Addressed in later stages*	*Addressed in later stages*
Cross-cutting harm minimisation outcomes	*Initiated in stage 1; requires ongoing commitment to sustainment throughout all stages.*	*Initiated in stage 1; requires ongoing commitment to sustainment and execution throughout all stages.*

Stage 3: Structural transition and acceleration (2032–2036)

Stage 3 Overview

The third stage marks the pivot from preparation to delivery. By this point, replacement revenue pathways are underway, governance capability has been lifted, and regulatory uncertainty has been substantially reduced. Larger clubs begin to deliver materially higher EGM reductions as asset conversion projects reach financial close or revenue generation.

At this stage, harm reduction increasingly flows from structural change, rather than alternative controls alone. Clubs that delayed reductions earlier are expected to accelerate, with the ACT Government maintaining oversight to manage system-wide risk and equity.

Key enabling actions:

- Link EGM reductions to demonstrated transition milestones
- Scale up asset conversion and consolidation outcomes
- Adjust settings based on evidence and performance data

Stage 3 Recommendations

Theory of change enabler	Recommendations for ACT Government	Recommendations for clubs
Enabler 1 – Clear, shared strategy and direction	*Recommendations for Enablers 1-5 and for Pathways1-2 are initiated by the ACT Government in earlier stages. All those recommendations require ongoing commitment to sustainment throughout stages 3 and 4.*	*Recommendations for enablers 1-5 are initiated by clubs in earlier stages. Those recommendations require ongoing commitment to sustainment throughout stages 3 and 4.* .
Enabler 2 – Capability building for people and governance		
Enabler 3 – Policy and regulatory certainty		
Enabler 4 – Strengthened government administration		
Enabler 5 – Sequenced		

transition and shared stewardship		
Theory of change pathway		*Recommendations for pathways 1-2 are initiated by clubs in earlier stages. Those recommendations require ongoing commitment to sustainment and disciplined execution throughout stages 3 and 4.*
Pathway 1 – Growth within existing business models		
Pathway 2 – Growth within new business models		
Pathway 3 – Consolidation to support viability	**G23. Fund independent merger and collaboration feasibility assessments.** Support early analysis, including access to the transition panel of experts, to test consolidation or collaboration options before financial distress emerges. **G24. Enable a voluntary consolidation pathway with regulatory relief.** Offer time-limited relief from fees, approvals and duplicated compliance for clubs pursuing mergers or structured integrations aligned with community outcome.	**C13. Treat consolidation as a proactive strategy.** Explore mergers, shared services or integrations early while governance strength and community trust remain intact.
Cross-cutting harm minimisation outcomes	*Initiated in stage 1; requires ongoing commitment to sustainment throughout all stages.*	*Initiated in stage 1; requires ongoing commitment to sustainment and execution throughout all stages.*

Stage 4: Structural transition and acceleration

(2036 - 2044)

Stage 4 Overview

The final stage focus is on consolidating a smaller, more sustainable sector. Gaming is no longer the dominant revenue source for most clubs, and EGM numbers are progressively right-sized to the end-state target. Remaining machines are concentrated in clubs with diversified income, strong governance and demonstrated community value.

Ongoing stewardship ensures that harm reduction outcomes are sustained, community benefits preserved, and unintended consequences addressed. The emphasis shifts from transition to long-term stability and accountability.

Key enabling actions:

- Complete final EGM reductions

- Embed long-term monitoring and public reporting
- Transition governance from reform oversight to steady-state regulation

Stage 4 Recommendations

All enabling and pathway recommendations will have been initiated in the preceding stages 1-3. They will require ongoing commitment by the ACT Government and clubs throughout stage 4 to sustainment and execution discipline.

A 20-Year Transition Pathway for the ACT Clubs Sector

2024-2028
Stage 1
Foundation & Confidence

RECOMMENDATIONS : ACT GOVERNMENT

Enabler 1 - Club, shared strategy and transition

G1. Establish a joint ACT Government and Transition Statement and Strategy (2025-2044).

G2. Consider whether club specific legislation will improve outcomes.

Enabler 3 - Policy and regulatory certainty

G3. Publish preliminary 20-year EGM reduction plans, setting out reduction principles, schedule and allocation method to guide club and government of Transition (during Stage 2).

G4. Conform transition strategies to 2025-2026 financial commitments.

G5. Explore and publish a 30-year roadmap of all gambling policy reforms to enable clubs to incorporate into their Transition Plans.

G6. Clarity director duties and liability during transition.

G7. Consider director liability reform under the Property Developers Act 2024 for not-for-profit organisations.

Enabler 4 - Strengthened government administration

C8. Harmonise lease variation charges, rate increases and timing with revenue realisation.

G9. Establish a single clubs transition coordination function.

Enabler 5 - Sequenced transition and shared stewardship

C10. Create a joint Club Transition Governance Group.

G11. Establish mechanisms for measuring and monitoring community contributions throughout the transition.

C12. Commit to two-yearly public transition reporting.

Cross-cutting harm minimisation outcomes

C13. Establish a joint Club Transition Governance Group.

RECOMMENDATIONS : CLUBS

Enabler 1

C1. Commit to a shared government strategy for transition.

C2. Adopt the model club vision as a sector lead reference point.

Enabler 2

C3. Commit to immediately and permanently addressing the regulatory non-compliance issues identified in the ACT Auditor General Performance Audit Report No. 4/2025 on Gaming Machine License Regulation, tabled June 2025.

Enabler 4

C4. Engage collectively and early with government processes.

Enabler 5

C5. Participate actively in shared stewardship and governance.

Pathway 1 - Growth within existing business models

C6. Prioritise margin optimisation before diversification.

Cross-cutting harm minimisation outcomes

C7. Commit to implementing alternative harm reduction measures during the transition period, prior to EGM reductions taking effect.

2028-2032
Stage 2
Capability & Option Development

RECOMMENDATIONS : ACT GOVERNMENT

Enabler 2 - Capability building for people and governance

G14. Establish a panel of accredited governance and transition training providers and provide clubs with grants (see recommendation G15) to access those providers.

G15. Enactment the Diversification and Sustainability Support Fund to provide grant funding for clubs to support upskilling capability and developing Transition Plans.

Enabler 3 - Sequenced transition and shared stewardship

G16. Enact the Club Transition Plans as part of the EGM Reduction Plan.

G17. Explore amendments or alternative approaches to the Community Contribution Scheme (CCS) to ensure sporing and community groups and social infrastructure in the protriveous funding and negatively impacted by transition.

Pathway 1 - Growth within existing business models

G18. Introduce a targeted fast-track diversification pathway for eligible clubs.

G19. Enact clubs within ACT tourism and events delivery.

Pathway 2 - New business models through asset conversion

G20. Establish a Clubs Transition Panel of Experts and provide clubs with grants (see recommendations G19) to access those providers.

RECOMMENDATIONS : CLUBS

Enabler 2

C1. Uplift governance and transition planning and execution skills.

Enabler 3

C2. Align all planning with Stage 1 Enabler 3 recommendations for governance and.

Enabler 5

C10. Prepare, maintain and begin executing individual Club Transition Plans, aligned to the 20-year EGM reduction plan and the policy and regulatory certainty enacting from Stage 1 (recommendations G3-G7).

Pathway 1

C11. Prioritise growing non-gaming revenue within existing business models.

Pathway 2

C12. Develop high-level club asset conversion blueprints.

2032-2036
Stage 3
Structural Transition & Acceleration

RECOMMENDATIONS : ACT GOVERNMENT

Pathway 3 - Consolidation to support viability

G21. Enact independent merger and collaboration feasibility assessments.

G22. Enable a voluntary consolidation pathway with regulatory relief.

All other Enablers 1-5 and Pathways 1-2 continue from earlier Stages.

RECOMMENDATIONS : CLUBS

Pathway 3 - Consolidation to support viability

C13. Treat consolidation as a proactive strategy.

All other Enablers 1-5 and Pathways 1-2 continue from earlier Stages.

2036-2044
Stage 4
Consolidation & Right-Sizing

All Enabling and Pathway recommendations initiated in Stages 1-3 continue, requiring ongoing commitment by ACT Government and Clubs to sustaiment and execution discipline. Final EGM reductions complete; transition to steady-state regulation.

Risks

When moving forward with transition there are several risks to manage through the ongoing transition governance process. These are divided into two categories below. There are risks that could disrupt the transition process itself. There are also risks that could affect the outcome that the ACT Government is seeking to achieve through EGM reductions. Both categories of risk should be regularly managed throughout transition to ensure that the program of work moves forward smoothly to implement the Government's intended policy outcome.

Risks to transition process

The transition away from reliance on EGMs is subject to a set of interrelated risks that may undermine clubs' ability to plan, sequence and deliver change in a timely, coordinated and financially sustainable manner. These risks arise from structural and market conditions, financial exposure during transition, regulatory and policy settings, and governance and capability limitations. If not actively managed, they may increase the likelihood that transition is delayed, fragmented or occurs under financial stress rather than through staged and orderly adjustment.

Sector constraints

At a system level, the structure and composition of the ACT club sector may pose material risks to coordinated and orderly transition, due to the sector being highly fragmented, with clubs differing significantly in size, purpose, governance models, asset bases and financial resilience. This diversity may limit the feasibility of uniform transition pathways and increase the likelihood of independent, un-sequenced responses to shared pressures.

Key sector-level risks may include:

- limited mechanisms to coordinate transition activity, share learning, pool risk or sequence diversification
- multiple clubs may face declining EGM revenue at the same time, creating a combined financial impact that is difficult to manage across the sector
- increased susceptibility to uncoordinated, defensive or opportunistic decision-making
- limited transferability of transition strategies across club types due to divergent starting positions and capabilities
- market crowding as multiple clubs pursue similar diversification strategies simultaneously, potentially saturating alternative markets, reducing viability and extending transition timelines

Diversification pathways may be unevenly available across the sector. Many clubs lack surplus or appropriately zoned land for redevelopment, constraining access to alternative income streams. Where asset-based pathways do exist, increased competition between clubs may erode first-mover advantage and further reduce feasibility.

Sector interdependence may amplify these risks. Smaller clubs and community organisations often rely on larger clubs for venues, services and funding, meaning stress in one part of the sector could generate cascading impacts elsewhere. These dynamics may lead to:

- amplified impacts from individual club closures or service reductions
- increased risk to community and sporting organisations dependent on club support
- reduced collective capacity to absorb transition pressures

In the absence of shared stewardship or effective mechanisms for collective action, these conditions may increase the likelihood that transition pressures compound rather than stabilise, resulting in uneven exposure, fragmented responses and reduced system-level resilience during the transition away from reliance on EGMs.

Club viability constraints

Clubs ability to transition away from reliance on EGMs may be constrained by a combination of operational pressures, individual organisational structure and financial exposure that affect their financial stability, cashflow and capacity to manage change over extended timeframes. These risks may interact and compound during transition rather than occur in isolation.

Operational and financial pressures across clubs may include:

- declining EGM revenue coinciding with rising operating costs during transition, and fixed operating costs incurred before alternative revenue streams are established
- increased rates triggered by redevelopment or rezoning, alongside higher compliance, planning and approval costs
- limited access to capital for redevelopment, diversification or balance-sheet restructuring
- difficulty securing finance as EGM authorisations decline and lender risk assessments change
- long lead times before diversification projects become revenue positive
- absence of transitional cashflow mechanisms to bridge declining gaming revenue and replacement income
- heightened liquidity risk over extended transition horizons

These pressures may be intensified by individual club-level structural and organisational constraints, including:

- member-based/not-for-profit constitutions that may restrict commercial activity, asset use and strategic repositioning
- constitutional obligations prioritising member benefit or specific sporting or social purposes, narrowing viable pathways
- single-site operations or lack of surplus or appropriately zoned land, limiting redevelopment options
- volunteer or part-time governance models constraining capacity for complex, long-horizon decision-making
- cultural or strategic resistance where transition pathways are perceived to conflict with established identity or purpose

For some clubs, legacy financial commitments may further constrain flexibility during transition, including:

- bank covenants or financing arrangements tied to EGM authorisations and/or revenue as collateral, which in some cases also restrict EGM authorisations from being surrendered.
- redevelopment projects already underway with business cases predicated on gaming income
- sunk costs and pre-committed capital that limit the ability to pause, pivot or rescope without material loss

Ongoing financial uncertainty may compound these risks through:

- changes to rates, charges and lease variation costs undermining business-case certainty

- reduced investor and lender confidence in forward projections
- constrained ability to sequence investment and operational decisions coherently

Taken together, these factors may increase the likelihood that transition occurs under financial stress rather than through managed adjustment. In such conditions, clubs may prioritise short-term solvency over strategic change, delaying or destabilising longer-term transition pathways even where alternative options might otherwise be viable.

Governmental, legal and regulatory barriers

Governmental and regulatory settings may present material risks to the transition process where policy intent, sequencing and administration lack clarity, alignment or predictability. During transition, these risks may directly affect clubs' ability to plan, finance and implement change in a timely and orderly manner.

Land-use controls, planning systems and leasing arrangements may constrain available transition pathways. Zoning and lease conditions may restrict permissible uses, while uncertainty around rezoning -particularly where redevelopment could trigger higher rates, charges or lease impacts - may deter or delay asset-based transition. Lengthy, complex and fragmented approvals may further elevate transition risk by increasing costs and extending the period between investment and revenue replacement.

Legal and contractual complexity may further constrain transition. For some clubs, EGM authorisations and associated gaming revenue are embedded within existing financing, collateral and covenant arrangements with lenders. Reductions in authorisations may therefore interact with loan covenants, security agreements or refinancing conditions, potentially triggering increased borrowing costs or reduced access to capital at critical points in the transition. Government imposed reductions in authorisations may also lead to loan contracts being terminated by banks where the security for the loan (EGMs) is no longer able to be guaranteed. Managing these implications may require renegotiation with lenders, introduce legal risk, and delay or narrow feasible transition pathways.

Sequencing risk may arise where the timing of key regulatory and financial settings is misaligned, resulting in rising costs and declining revenue before alternative income streams are established. This includes misalignment between:

- reductions in EGM authorisations
- development application and planning approvals
- increases in rates and charges
- lease variation charge (LVC) liabilities

Uncertainty around the ACT Government's approach to EGM removal and compensation may also constrain transition planning. Limited clarity on whether authorisations or machines may be acquired, the basis for valuation, the timing and scale of any acquisition, and how reductions are distributed across clubs may limit clubs' ability to assess balance-sheet impacts, manage debt, recycle capital, or sequence investment alongside declining gaming revenue.

Gambling policy reform uncertainty may further compound transition risk. Limited clarity on the timing, scope and interaction of related reform such as trading hours, account-based play or pre-commitment may reduce the ability to model cost and revenue trajectories and increase risk aversion, delaying transition decisions and investment.

Governance-related regulatory settings may also affect transition feasibility. Changes to directors' liability exposure for long-horizon developments may increase perceived personal risk, constraining board capacity, slowing decision-making and reduce willingness to approve complex or long-payback transition pathways.

Governance and capability constraints

Governance and capability limitations may constrain clubs' ability to plan, assess and deliver complex change over extended timeframes. While governance capability may be strong in hospitality, member services and compliance, transition away from EGMs may require commercial, financial and strategic capability beyond parts of the sector.

Key risks may include:

- limited commercial and financial expertise to assess options and long-term trade-offs
- limited capability to develop and stress-test robust business cases
- gaps in financial oversight, cashflow management and risk governance

Where internal capability is limited, reliance on external advisors and partners may increase exposure to negotiation imbalances, poorly structured agreements and loss of strategic control.

Volunteer or part-time boards may further limit sustained oversight of multi-year change, slow decisions and increasing risk aversion, particularly for long-horizon investments. Perceived personal liability may deter director participation and reduce willingness to approve higher-risk, longer-payback pathways.

Together, these constraints may increase the likelihood that pathways are delayed, narrowed or abandoned, with transition proceeding reactively or under financial stress rather than through staged adjustment.

Evidence perception gap on harm reduction

A further transition risk may arise from a gap between public perceptions of EGM reduction and available evidence. Consultations indicated a belief amongst many respondents that EGM reduction may primarily displace gambling to online platforms or across the NSW border, limiting harm reduction and reducing ACT revenue. These views were often reinforced by anecdotal reference to COVID-19 restrictions, despite evidence from other jurisdictions suggesting gambling participation and harm may decline as EGM availability reduces.

This divergence may weaken public and political confidence in reform. Where benefits are not visible, well understood or credibly communicated, reform may be perceived as ineffective even if aggregate harm is declining. This may reduce tolerance for short-term disruption, weaken support for staged reform, and increase pressure for reversal, acceleration or inconsistency.

Without transparent measurement, clear communication and trusted reporting, this perception gap may undermine legitimacy and increase the likelihood that reform is reshaped in response to contested narratives rather than evidence, destabilising an orderly, sequenced transition.

However, even if transition activities proceed and EGM authorisations decline over time, there remains a separate set of risks related to the quality and durability of the end state. The following section therefore considers how the sector may stabilise post-transition, and the circumstances in which reduced EGM reliance may not translate into sustained community benefit, legitimacy or long-term sustainability.

Risks to outcome

Even where transition activities are undertaken and EGM authorisations are progressively reduced, a range of risks may undermine the achievement of sustainable, community-aligned outcomes for clubs. These risks relate to the durability, equity and legitimacy of post-transition operating models, rather than the mechanics of transition itself.

Reduced community benefit and social infrastructure

A material risk to successful outcomes may arise if clubs remain financially viable but deliver reduced community benefit, weakening their function as places of belonging and social infrastructure. Historically, clubs have provided affordable access to food, meeting spaces, social activities and community programming that support social connection. Contraction of these functions may allow commercial viability to be maintained while broader public value diminishes.

Key risks may include:

- reduced affordability as offerings are rationalised or prices increase, limiting participation for older people, pensioners and other price-sensitive cohorts
- contraction of informal social spaces and low-revenue community programming that support routine and connection
- reduced grants, sponsorships and in-kind support for sporting, cultural and community organisations
- increased prioritisation of commercially bookable spaces over open, community-led use
- closure of sporting facilities and support provided to community sports organisations

If these dynamics occur, clubs may become less accessible and less embedded in everyday community life. This may contribute to increased social isolation, reduced social infrastructure, and downstream pressure on the ACT Government and community services as informal supports are displaced rather than replaced.

In this scenario, reliance on gambling revenue may decline without sustaining the social outcomes that underpin clubs' community role. Financial sustainability alone may be insufficient to support a vibrant, socially embedded sector.

In addition to social impacts, contraction of club-supported community and sporting infrastructure may generate broader economic and system-level consequences. Community sport and affordable social spaces play a recognised role in supporting physical and mental health, youth engagement, and pro-social participation. Where clubs withdraw support for junior sport, training facilities or low-cost activities, the resulting loss of structured engagement may increase downstream pressures on health, justice and social services, particularly for young people and low-income cohorts. While these effects are indirect and difficult to quantify, stakeholders consistently raised concerns that erosion of community infrastructure may shift costs rather than eliminate them, transferring burden from clubs to governmentally funded systems.

Depleted social licence

A further risk to outcome may arise from erosion of the club sectors social licence. Long-term success depends not only on reduced reliance on EGMs, but on sustained public trust in clubs' role, intent and impact. Where confidence weakens, clubs may remain operational but lose legitimacy as valued community institutions.

Key risks may include:

- erosion of community trust where clubs are perceived to continue benefiting from gambling harm or overstating community contributions
- persistent perceptions that gambling harm has been displaced rather than reduced, particularly where online or cross-border gambling is visible
- limited visibility or communication of harm-reduction outcomes, allowing anecdote or misinformation to outweigh population-level evidence
- limited public understanding of the cumulative and long-term nature of harm reduction, reducing tolerance for staged reform

These conditions may entrench contested narratives around reform even where evidence suggests harm is declining. In the absence of clear, trusted and transparent reporting, perceptions of ineffectiveness may persist or intensify.

If unaddressed, these dynamics may increase the likelihood of policy fatigue, reduced political commitment, or reform dilution or reversal driven by sentiment rather than evidence. In such circumstances, reduced EGM numbers may be achieved without securing the broader social mandate required for long-term success.

Inability to maintain long-term sustainability

A critical risk to successful outcomes may arise if the club sector is unable to sustain financially viable, harm-reducing and purpose-aligned operating models over time. While some clubs may transition successfully in the short to medium term, structural differences across the sector and the nature of replacement revenue streams may result in uneven, fragile or misaligned outcomes.

Key risks may include:

- divergence between asset-rich and asset-poor clubs, with some achieving stable post-transition models while others remain financially vulnerable or enter managed decline
- geographic inequity in access to clubs as closures or consolidation disproportionately affects certain communities
- fragile business models reliant on thin margins, volatile markets, long-term debt or complex partnerships
- continued concentration of gambling harm if reductions in EGM numbers do not translate into sustained reductions in harm intensity
- substitution into other harmful or exclusionary revenue sources, including alcohol-led or highly commercialised models
- drift from clubs' distinctive social purpose as financial pressures encourage convergence with mainstream hospitality or property models

If these risks materialise, the sector may stabilise at a lower level of public value, with fewer clubs, reduced community reach and ongoing social and financial vulnerability. Even where individual clubs remain operational, long-term sustainability may be undermined by chronic fragility, loss of legitimacy or misalignment with harm-

reduction objectives. In this scenario, reliance on EGMs may be reduced without securing a durable, equitable and trusted clubs sector. Sustained success may therefore depend on continued alignment between financial viability, harm-reduction integrity and clubs' role as community infrastructure.

These risks suggest that successful outcomes may depend on more than reducing EGM authorisations alone, requiring a transition that protects community contribution, manages viability pressures and maintains public confidence.

Appendix 1

ACT CLUBS - REGULATORY OVERVIEW

for Poker Machine Licensing and trading

Background

The Australian Capital Territory (ACT) Government Constitution (the *Australian Capital Territory (Self-Government) Act 1988*) is a federal law, meaning the federal parliament can change what the ACT can make decisions about at any time (and s.122 of the Australian Constitution gives Federal Parliament the power to do this).

The ACT Constitution empowers the ACT Government to make laws regarding the exercise of powers by the Executive. For Electronic Gaming Machines (EGMs), the Executive exercises its powers through the following legislative framework:

1. The *Gambling Measures Act 2012 (Cth)* Act, which provides the overarching Commonwealth commitment to developing and implementing measures to encourage responsible gambling by all gamblers.

2. *The Gambling and Racing Control Act 1999* (ACT), which establishes the ACT Gambling and Racing Commission as the regulator and provides a cap on the number of authorisations for EGMs (s.50) for all licensed premises, along with the mechanism for reviewing the cap (s.50A), which the Minister must exercise before 31 December 2026.

3. *The Gambling and Racing Control (Code of Practice) Regulation 2002* (ACT), which sets out the minimum standards that licensees should meet in providing patrons access to their gambling products, including harm minimisation measures designed to reduce gambling harm.

4. *The Gaming Machine Act 2004* (ACT), which amongst other things, outlines governance, operational, and membership requirements for clubs holding gaming machine licences along with the financial management, taxation and record-keeping requirements for licensed clubs. The Gaming Machine Act, as amended by the *Gaming Machine (Compulsory Surrender) Amendment Bill 2024,* also provided for the reduction of the ACT-wide cap on EGM authorisations to 3500 or fewer and empowered the Minister to require licensees to surrender authorisations pursuant to payment and administrative arrangements under the *Gaming Machine Act 2004* (ACT).

5. *Gaming Machine Regulation 2004* (ACT), which amongst other things, provides for licensing of class C (club) and class B (hotel) EGM authorisations, and the documentation requirements for applications. The Act also specifies the requirements, content, and assessment criteria for social impact statements, provides for community purpose contributions and requires certain disclosure in clubs' annual reporting.

6. *The Gaming Machine (Reform) Amendment Act 2015* (ACT) introduced the trading scheme for gaming machine authorisations. This included a compulsory surrender requirement to ensure the number of authorisations held by licensees did not exceed the ratio specified.

Power to cancel licenses

The ACT Governments power to terminate electronic gaming machine licenses (EGMs) is primarily governed by *The Gaming Machines Act 2004* (ACT). This legislation provides the framework for the regulation, control and management of EGMs in the ACT, including the authority to terminate licenses under certain conditions, as part of disciplinary actions under the Act.

The ACT Government would be required to amend the Act to cancel licenses for any other reason.

Section 174A of the *Gaming Machine Act 2004 (ACT)* provides that gaming machine licenses, authorisation certificates and authorisations are not personal property for the purposes of the *Personal Property Securities Act 2009 (Cth) (*PPSA*)*. This provision was enacted in 2012 via consequential amendment legislation tied to the PPSA.

This means that gaming machine permissions in the ACT are regulatory privileges and not proprietary rights. Section 174A provides the ACT Government with the power to revoke licenses, reduce or restructure licenses as the licenses are not property.

Compliance requirements

Clubs operate in a highly regulated environment and are required to comply with a vast array of obligations to ensure they meet, in their day-to-day operations, the requirements for being classified a club for community benefit.

Table 1 below sets out some of the compliance obligations raised by stakeholders during consultations.

Table 1: Compliance Obligations for Clubs

Key Area	Relevant Legislation/Regulation	Relevant Requirement
Club / Business Operations	1. *Corporations Act 2001 (Cth) (providing for relevant Articles of Association/Constitution of clubs)* 2. *A New Tax System (Good and Services Tax) Act 1999 (Cth)* 3. *Taxation Administration Act 1953 (Cth)* 4. *Superannuation Act 1976 (Cth)* 5. *Superannuation Act 1976 (Cth)* 6. *Superannuation Guarantee (Administration) Act 1992* 7. *Australian Consumer Law (Cth) (Schedule 2 of the Competition and Consumer Act 2010 (Cth))* 8. *Privacy Act 1988 (Cth)* 9. *Australian Privacy Principles (APP)* 10. *Payroll Tax Act 2011 (ACT)* 11. *ACNC & regulations*	Compliance with all relevant provisions of these Acts and with each club's Constitution, including but not limited to requirements: • to be incorporated or registered depending on the state/territory. • to keep and maintain the club and its facilities for the benefit of members generally; to operate to achieve eligible objects including those that further or promote recreation, social, religious, political, literary, scientific, artistic, sporting or athletic purposes and cultural or educational purposes; and related to not-for-profit based organisations. • for Tax File Number Applications – company/Individual/Partnership or Joint Venture (Commonwealth)

		• for Australian Business Number Registration (Commonwealth) • for Goods and Services Tax Registration (Commonwealth) • to comply with Australian Privacy Principles (APP), including 13 APP when handling or collecting personal/sensitive information (Commonwealth) • for Payroll Tax (State/Territory) • for Rates, Taxes and Duties (State/Territory)
Health & Safety	1. *Smoke-Free Public Places Act 2003 (ACT)* 2. *Work Health and Safety Act 2011 (Cth)* 3. *Workers Compensation Act 1951 (Act)* 4. *Australian Standard AS 1885.1– 1990 – Measurement of Occupational Health and Safety Performance (Commonwealth)* 5. *Joint Australian and New Zealand Standard AS/NZS 4801:2001 – Occupational Health and Safety Management Systems – Specification with Guidance for Use (Commonwealth)* 6. *NOHSC:1005 (1994) – National Model Regulations for the Control of Workplace Hazardous Substances (Commonwealth)* 7. *National Standard for Manual Tasks (Commonwealth)* 8. *Codes of Practice (ACT)*	Compliance and reporting requirements under each Health and Safety regulation.
Food	1. *Food Act 2001 (Act* 2. *Food Regulation 2002 (Act)* 3. *Australia New Zealand Food Standards Code*	Food business licence/registration required under relevant legislation (State/Territory) and subsequent adherence to the food licence provisions by the State/Territory food safety/business authority: • Food Standards Code (Commonwealth)

		• Food Handling training (State/Territory) • Food supervisor training (State/Territory) • Maintain Food Safety Standards (State/Territory)
Employees	1. *Fair Work Act 2009 (Cth)* 2. *Long Service Leave Act 1976 (Act)* 3. *Paid Parental Leave Act 2010 (Cth)* 4. *Work Health and Safety Act 2011 (Cth)* 5. *Workers Compensation Act 1951 (Act)* 6. *Sex Discrimination Act 1984 (Cth)* 7. *Disability Discrimination Act 1992 (Cth)* 8. *Superannuation Act 1976 (Cth)* 9. *Superannuation Act 1976 (Cth)* 10. *Superannuation Guarantee (Administration) Act 1992*	Compliance with requirement related to: • registered and License Clubs Award 2020 • National Employment Standards (Commonwealth) • Code of Good Practice for Australian Apprenticeships (State/Territory) • Workplace relations (Commonwealth) • Sex discrimination (Commonwealth) • Disability discrimination (Commonwealth)
Copyrighted Music / Videos	*Copyright Act 1968 (Cth)*	There are a number of licences required for clubs to play music and associated videos, these include: • Licence to Host Karaoke Performances (Commonwealth) • Licence to Play Featured Recorded Music (Commonwealth) • Licence to play Music on Hold (Commonwealth) • Licence to Play Protected Sound Recordings or Music Videos (Commonwealth) • Licence Video Reproduction Licence Agreement (Commonwealth)
Liquor	*Liquor Act 2010 (ACT)*	General licence obligations including: • harm minimisation, Responsible Service of Alcohol signage and incident register (s.10). • Licence categories and conditions (s.13). • Responsible Service of Alcohol training courses (Part 12).

		• Approvals for young-people events in adults-only areas (Div 7.2).
Land/ Premises	*Planning Act 2023 (ACT)*	Sets the planning and development framework for club premises and redevelopment where clubs need to engage in any planning and development activities. Environmental impact assessment is required for certain proposals. The legislation provides details on when an EIS is required (s 105), and the scope (ss 109-111), (Part 6.3).
	Territory Plan 2023 (ACT)	Territory Plan 2023 (made under s 45) effective 7 October 2025, guides zoning and permissible land uses for club facilities.
	Australian Capital Territory (Planning and Land Management) Act 1988 (Cth)	Establishes the statutory planning and land management framework for the ACT; National Capital Authority oversight for designated land.
	Environment Protection Act 1997 (ACT)	Part 3 of the legislation imposes general environmental duties on persons including: s 22 - general environmental duty s 23 - duty to notify of actual or threatened environmental harm s 23A - duty to notify existence of contaminated land.
Taxation/Financial Reporting	*Taxation Administration Act 1999 (ACT)*	Sets out the administration of ACT taxes, including gaming machine tax (ss 83-84).
	Income Tax Assessment Act 1997 (Cth)	Defines assessable income and allowable deductions for calculating taxable income (ss 6-5 & 8-1).
	Gaming Machine Act 2004 (ACT)	Provides that licensees must pay gaming machine tax on their gross revenue each tax period (s 159).
	A New Tax System (Goods and Services Tax) Act 1999 (Cth)	Establishes GST obligations including taxable supplies and reporting requirements (ss 9-5 & 29-5).

	Gaming Machine Act 2004 (ACT)	Establishes that a club or gaming machine licensee must submit audited financial statements within 6 months of their financial year end if their gross gaming machine revenue exceeds $200k (s.158).
Director Liability	*Property Developers Act 2024 (ACT)*	Registrar may make a rectification order to directors under s 52 if a serious defect is found in the building within 10 years of completion. Definition of 'property developer' in relation to residential building work, includes: (a) a person who contracts or arranges for, or facilitates or otherwise causes (whether directly or indirectly) the building work to be done; (b) the owner of the land on which the building work is undertaken when the building work is undertaken; (c) the principal builder of the building work; (d) for a regulated residential building under a units plan—the developer, as defined in the Unit Titles Act 2001, dictionary, in relation to the units plan; (e) a person prescribed by regulation. Definition of 'serious defect' in relation to a building means: (a) a defect in a building element that is attributable to a failure to comply with a performance requirement of the building code, the relevant Australian Standards or the relevant approved plans for the building work; or (b) a defect in a building product or building element that— (i) is attributable to defective design, defective work or defective materials; and

		(ii) causes or is likely to cause—] (A) the inability to live in or use any part of the building for its intended purpose; or (B) the destruction of any part of the building; or (C) a threat of collapse of any part of the building; or (c) a thing prescribed by regulation (ss.46 & 47). ***Note***: **Director's personal liability may be triggered only if the corporate developer is wound up** (ss 52 & 55(2) (Part 5). The Act's notification day was 10 July 2024, part 5 of the Act commenced on 11 July 2024 and rectification orders apply to building work done under development approvals from 11 July 2024 (s 44).

During stakeholder consultations, the Panel was also provided with feedback that streamlining certain ACT Government policy and planning initiatives could support diversification initiatives, along with regulatory certainty for a period of time to allow clubs to transition and become sustainable into the future.

Table 2 below summarises the potential regulatory and support measures identified during stakeholder feedback sessions.

Table 2: Potential government regulatory & support measures to facilitate ACT clubs' revenue diversification initiatives

Policy area	Potential government support measure	Current legislation/framework/ref	Current fee	Purpose/outcome
Land use & planning	Waive land variation charge for clubs expanding gross floor area	*Planning (General) Regulation 2023*, s 75(1)(c)(ii)	$187.50 for each additional square metre of gross floor area.	Would reduce cost of physical expansion for clubs.
	Waive lease variation charge (LVC) for redevelopment and/or co-location	*Planning Act 2023 (ACT),* s.332	75% of the increased value of the lease for lease variations prior to 1 July 2019;	Enables redevelopment and diversification of club land without charge.

	Allow flexible zoning for mixed-use or community ventures	*Territory Plan 2023 (ACT)*	Reduce cost and lags in applications for re-zoning.	Encourage innovation and co-location of services
	Streamline development application processes and provide fast-tracked approval pathways for club redevelopment or adaptive reuse projects.	*Planning Act 2023 (ACT) – Part 2.2 Market value leases item 13* *Territory Plan 2023 (ACT)*		Reduces financial strain on clubs and long lags in timing to develop and commercialise to support clubs address EGM revenue reductions
Taxation	Delay Rates Charge Increases, which should only apply once relevant land has been developed and is in use, rather than following LVC approval.	*Taxation Administration Act 1999 (ACT)* *Rates Act 2004*	Rate increases can be significant and financially detrimental to a club who has not yet developed land, sold/commissioned the property or received any revenue from the new land use.	Encourages clubs to release land, develop and diversify to provide for the community benefit.
	Introduce tax offsets, deductions or credits for investment in non-gaming ventures (e.g., restaurants, gyms, childcare, wellness centres cultural spaces). Increase gaming machine tax rebate for small to medium clubs.	*Gaming Machine Act 2004,* Part 11; ss 162D & 163A	0.75% of gaming revenue; 50% rebate available - varies according to annual gaming revenue	Encourages capital investment and innovation in new business activities.
Liquor Licensing	The Liquor Act allows ministerial	*Liquor Act 2010*, s 32B	Waive annual fees and additional license fees for	Allows clubs to reduce resources and costs for re-

	discretion to reduce fees. Offer liquor licence fee reductions or extended licence terms for low- or no-gaming clubs. Provide flexibility in trading hours for food and beverage operations. Provide Clubs a 'blanket' liquor license for use on premises and for cultural activities (for example the Multicultural Festival Booth) without additional application feels.		cultural clubs to provide booths at cultural events and additional venues for community events.	application of licenses to support community events and raise revenue.
Grants and transition funding	Establish diversification or transition funds and low-interest loans to support clubs reducing or surrendering poker machine entitlements.	Diversification and Sustainability Support Fund (DSSF)	n/a	Supports clubs to transition given bank reluctance to loan and potential bank covenant consequences for termination of EGM authorisations tied to covenants.
Utilities	Concessions/ Rebates on water and electricity for clubs in providing community benefits – sporting,	Concession/ rebate	Concessions on water and electricity as these are the majority of the cost involved in providing community benefits, which cannot be	Allows clubs to reserve space for free community events, to water ovals and provide the benefits

	community and cultural activities		made more efficient given needs faced by clubs.	community requires.
Food & hospitality	Provide grants, training, and planning support to develop hospitality-led models (e.g., restaurants, cafes, local produce initiatives). Review development approvals for food precincts or outdoor dining areas and streamline approvals to allow additional revenue sources.	Clubs grants	Provide grants to skill workers for transitioning needs to support community benefit. Enhance food service offerings, build and promote brand and attract community.	Supports clubs to build their community support offerings and diversify.
New Clubs Act (ACT)	Clubs Act for the ACT to govern how clubs operate, streamline/harmonise all regulations associated with Clubs and enshrine the 'value' that clubs provide to the ACT community. This should include a Minister, an associated Directorate and coordination of all arms of the Government for support and diversification initiatives to ensure they are	*Clubs Act (ACT) 2026 (New)*	N/A	To streamline regulations, allow expedited transitions to sustainable revenue sources whilst supporting clubs purpose – for community.

	coordinated and efficient.			

Appendix 2

Glossary

The below list of words and terms are defined and explained to provide the reader with further clarity about the meaning of these words and terms as they are used in this report.

ACT – Australian Capital Territory.

Authorisation – a license or permission administered by the government which allows a club venue to operate a specific electronic gaming machine (i.e. a poker machine) in the ACT.

Club (or community club) – a not-for-profit, member-driven business or establishment that primarily brings people together to share interests, hobbies, or social activities (such as sport or culture) and services such as food, beverage or entertainment.

Co-design – a collaborative, participatory process that brings together stakeholders, community members and professionals to design products, services or policies as equal partners.

Community contributions (or club contributions) – financial, social or other contributions made by the club industry to the community, community organisations, government or economy. This may include social or in-kind contributions or support to community groups, such as discounted or free use of club facilities or rooms. Financial contributions include revenue provided to the government through taxation. Social contributions include facilitation of social or cultural connection, and employment. *See pages 19-20 of the interim report for further examples.*

Consolidation – mergers, acquisition or integration with other clubs or businesses to support sustainability or viability.

Discovery phase – the initial, in-depth exploration and conversation between the Inquiry and stakeholders and community members, aimed at understanding the problems or pain points, goals and needs before proposing a solution.

Diversify (or diversification) – the strategic process of generating revenue or income from multiple, varied or alternative sources, such as the sale or offering of different products or services, rather than relying on a single revenue stream. Diversification describes the adaptation, expansion or change process through which this occurs.

EGM – an electronic gaming machine, also commonly referred to as a poker machine or sometimes a slot machine. An EGM is a gaming machine, whether mechanical or electronic, which is designed for games of chance, where as a result of making a bet on the machine, winnings may become payable.

Gambling harm – any negative consequence arising from gambling which affect a person's finances, health, relationships, work, or their family or friends. Gambling harm can range from mild distress to severe crises.

Gambling reform – actions or changes led by the government to address the harm caused by gambling. This may include changes to policy, legislation or regulation which determines rules and consumer protections relating to gambling or gambling operations.

Gambling revenue (or EGM revenue) – money received by a gambling operator, such as a club, though the operation of gambling products, such as EGMs. Revenue is primarily measured as Gross Gaming Revenue (GGR), being the total amount of money wagered or bet by players, minus the total winnings paid out to them. ACT legislation requires that a portion of gambling revenue is collected by the government (tax) and a portion must be reinvested to provide community benefit to the ACT.

Gaming – the play of gambling products or the offering of gambling products or services clubs provide, such as EGMs.

Ground truth (or ground truthing) – the process of verifying information or feedback to ensure it accurately reflects the information provided.

Harm reduction (or harm minimisation) – policies, programs and practices designed to limit or decrease negative health, social, and economic consequences for people, families and the community in relation to gambling. Rather than solely focusing on gambling behaviour, harm reduction focuses on fostering safer gambling environments, increasing consumer knowledge, preventing harm from occurring, enabling early intervention and ensuring adequate support is provided for people who experience gambling harm.

Independent Inquiry – the *Independent inquiry into the future of the ACT clubs industry*, an Inquiry commissioned by the ACT Government and guided by a terms of reference.

Industry transition plan – a strategic roadmap which outlines the steps, actions and timeline required to achieve a long-term change to the clubs industry, which aims to ensure continued sustainability, growth and community benefit.

Persona (of club) – a broad category or type of community club in the ACT, such as a sports club, or a cultural club.

Planning controls – Rules or regulations that guide property and land development and planning in the ACT.

Regulatory settings (or regulations) – specific rules, laws, policies, and guidelines established by governments to govern and oversee activities within a particular sector or industry. Regulations provide a framework for compliance, safety, and operational standards, aiming to protect the public interest, manage risks, and facilitate economic growth.

Social licence – the ongoing, informal acceptance and approval of a club's operations by local communities, stakeholders and the public.

Stewardship – careful and responsible planning, management and direction of resources, decisions or policies, in line with long term objectives. Shared stewardship describes that this role involves more than one party, i.e. the government and the clubs industry.

Surrender (of EGM authorisation) – the voluntary or involuntary relinquishment or forfeiture of a license, or authorisation, to operate an EGM.

Terms of Reference - The perimeters and scope of the Independent Inquiry.

Transition (or transition pathway) – a structured, long-term plan which ensures operational continuity, sustainability and growth during a significant change.

Validation – the process of checking, verifying and confirming that proposed policies, regulations, or evidence-based solutions are accurate, robust, and fit for purpose before they are finalised.