

INQUIRY INTO IMPACT OF GAMBLING

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Contact: John Whelan
Director of Responsible Gambling
Australian Hotels Association
Email:

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Executive Summary

The NSW Hotel Industry

The NSW hotel industry is unique.

In terms of size, employment, economic contribution, community support, affordability and training the NSW hotel industry leads hotels in every other state & territory.

NSW Hotels employ 55,000 staff, with each hotel employing an average of 28 workers. \$20 million is spent each year by NSW hotels training staff. ¹

In terms of overall economic contribution, the Australian hotel sector generates a substantial net benefit to the economy with total spending in hotels estimated to be \$12 to \$13 billion per annum². NSW hotels account for around \$4 billion of this net benefit.

While it is largely unrecognised, each year NSW hotels give generously to the community. The recent PricewaterhouseCoopers survey of 407 NSW hotels (227 metropolitan and 180 regional), found NSW hotels support the community to the extent of \$25 million each year.

Each year NSW hotels support an estimated:³

- 6,900 sporting teams
- 6,000 community groups
- 2,000 health & social service organisations
- 1,700 emergency service, religious and other local organisations

In NSW, hotels with gaming machines are not concentrated in Sydney. In fact, the majority of hotels with gaming are located in country and regional areas. There are currently 823 country and regional hotels that offer gaming, with the overwhelming majority of these operating fewer than 15 machines.

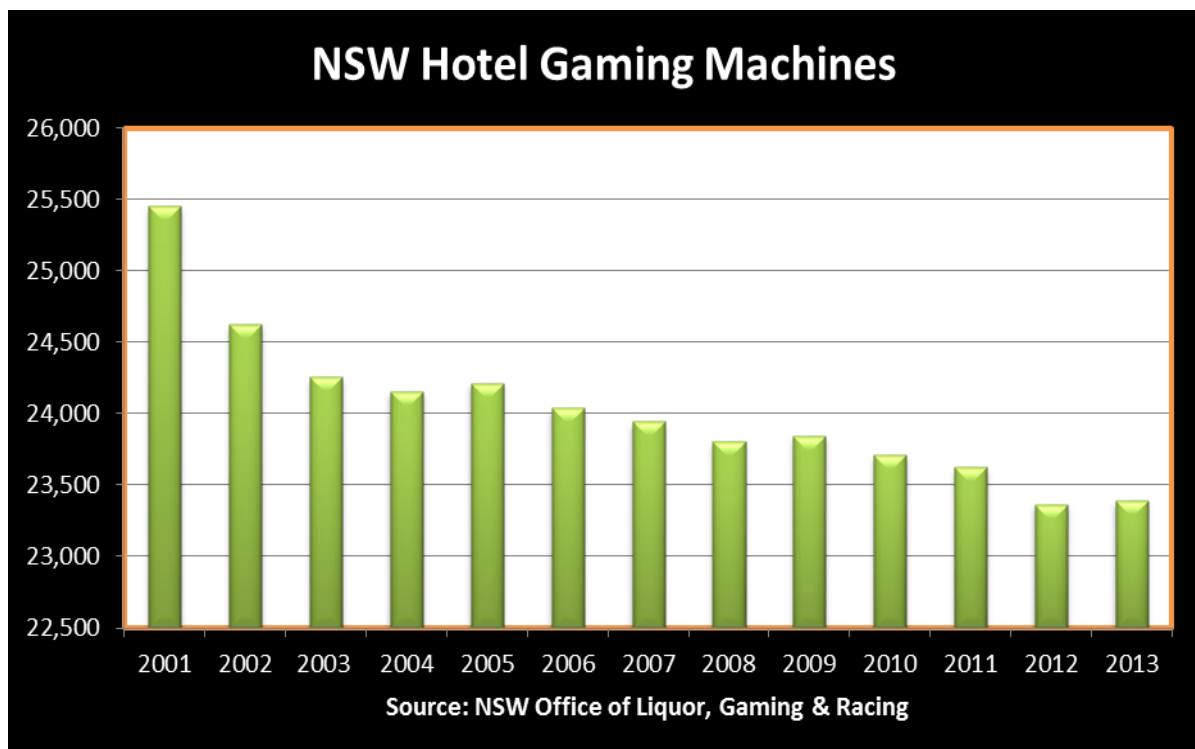
Today there are 2,058 less gaming machines in NSW hotels than in 2001.⁴ This number will continue to fall as NSW hotel gaming machines are forfeited at a rate of 1 in every 3 traded.

¹ PricewaterhouseCoopers: An overview of the Australian Hotel Industry, April 2009. p7, 9 & 34

² PricewaterhouseCoopers: An overview of the Australian Hotel Industry, April 2009. p iv

³ PricewaterhouseCoopers: Australian Hotel Survey – state by state breakdown

⁴ NSW Office of Liquor, Gaming & Racing 2014



In terms of responsible gambling, the NSW hotel industry has grown considerably over the past 15 years. During this period many improvements have been made & we now operate in a highly regulated environment with an emphasis on harm minimisation.

Harm minimisation measures include:

- A ban on advertising of hotel gaming
- A ban of 24 hour gaming in hotels
- ATMs are not permitted in gaming areas & do not accept credit cards
- Compulsory self- exclusion schemes
- 24/7 online counselling
- A national 1800 helpline

In 2012 the NSW Government commissioned Ogilvy Illumination to undertake a comprehensive gambling prevalence study. Using the Canadian Problem Gambling Index, the survey found the NSW problem gambling rate was lower than all other Australian jurisdictions.

“The (adjusted) prevalence of problem gamblers (PGSI applied to regular gamblers only) identified in this NSW study (0.4%) is lower than all of the other jurisdictions.”⁵

The 2012 NSW Prevalence Study also found the NSW regions with the lowest rate of problem gambling were South Western Sydney, the Hunter and Western Sydney.

⁵ Ogilvy Illumination: Prevalence of Gambling & Problem Gambling in NSW 2012, Section 6.5

Region⁶	Rate
South West Sydney	0.3%
Hunter	0.5%
Western Sydney	0.5%
Costal Sydney	0.8%
Central Coast	0.8%
Western NSW	0.9%
New England / Nth West	1.0%
North Coast	1.1%
Illawarra	1.1%
South East	1.2%
Riverina / Murray	1.6%

Gambling is certainly an important part of our business, but there is a lot more to NSW hotels than simply gambling – as confirmed by the Australian Bureau of Statistics (ABS) and more recently by PricewaterhouseCoopers.

In pubs, bars and taverns with gambling facilities, an overwhelming 70% of income was generated by food & beverage sales – sales unrelated to gambling.

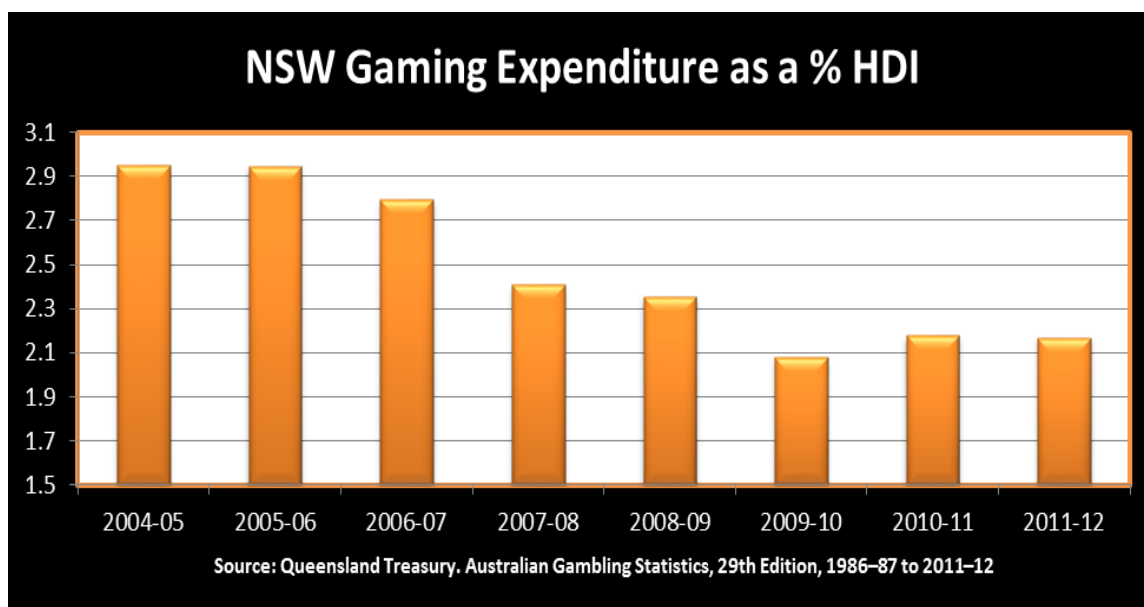
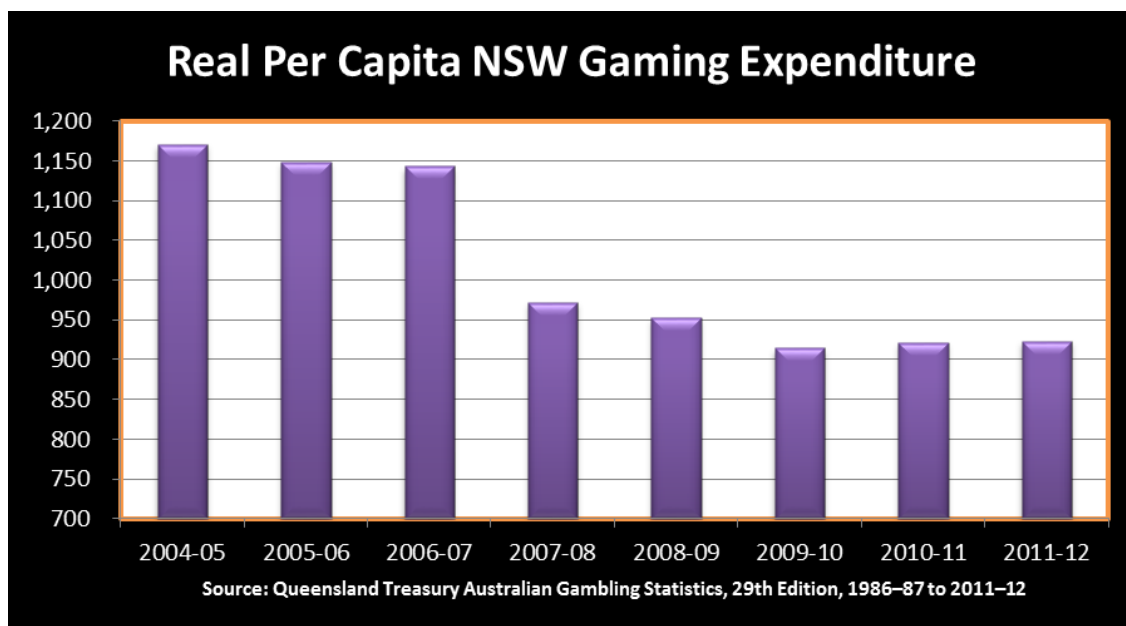
Hotels with gaming machines are also twice as likely to host live music & other community events. It is estimated each year the Australian hotel industry hosts 249,819 live music performances.

It is also important to recognise that both NSW gaming expenditure as a percentage of household disposable income⁷ and NSW real per capita gaming machine expenditure⁸ have declined over many years.

⁶ Source: Ogilvy Illumination / NSW Office of Liquor Gaming & Racing. Prevalence of gambling & problem gambling in NSW, April 2012 - Table 12

⁷ Queensland Treasury. Australian Gambling Statistics, 29th Edition, 1986–87 to 2011–12

⁸ Queensland Treasury. Australian Gambling Statistics, 29th Edition, 1986–87 to 2011–12



A 'one size fits all' approach to gambling regulation is not appropriate. Each State & Territory Government remains the most appropriate body to regulate gambling in their own jurisdiction.

A significant concern for Australian society is the rapid growth in popularity of internet gambling. An increasing number of Australians are now gambling online at home, when they are alone and using their credit cards to place bets. Research has found the prevalence of problem gamblers is 3 to 4 times higher in internet gamblers.

Good policy needs to be supported by evidence.

Restrictions on access to cash in NSW hotels are not supported by evidence. Such a move will however inconvenience 99% of the population who are not problem gamblers, have a devastating financial impact on hotel food and beverage sales, unfairly harm many small, rural and regional hotels and create safety issues for patrons.

Prevention is better than a cure. We need to educate from a young age so that if an adult chooses to gamble, they are able to make informed decisions.

We also need to build on our impressive track record of assisting those with a problem. The AHA's self-exclusion program, GameCare has helped thousands regain control of their lives over the past 15 years.

For those who slip through the prevention safety net, free treatment has proven to be extremely effective. A 2008 survey of gambling counselling clients by the NSW Government found:

- 1 month after counselling 84.3% are better able to manage their gambling
- 3 months after counselling 92.7% are better able to manage their gambling
- 6 months after counselling 90% are better able to manage their gambling

The challenge now is to encourage all those who need help to obtain help.

AHA (NSW) Responsible Gambling Framework

The AHA (NSW) supports the following responsible gambling framework.

1. A 'one size fits all' approach to gambling regulation is not appropriate. Each State & Territory Government remains the most appropriate body to regulate gambling in their own jurisdiction.
2. Focus on education & information to prevent those at risk developing problems with their gambling.
3. Recognise & respect the right of the Australian public to exercise freedom of choice.
4. Gambling on credit is not responsible.
5. Responsible gambling policy must be supported by evidence.
6. Harm minimisation measures need to be evaluated on an on-going basis to assess their effectiveness in helping problem gamblers and also any unintended consequences they may have had.
7. Best practice gambling treatment must be appropriately resourced and supported.
8. Privacy of the individual must be protected.
9. Gambling advertising should not be targeted at those under the age of 18.

NSW Hotels – low intensity gambling

Slightly under half of Australia's 3,233 hotels with gaming machines are located in NSW⁹.

However, unlike other Australian states, gaming machines in NSW are not concentrated in a small number of venues. In fact, almost two thirds of NSW hotels operate no more than 15 gaming machines¹⁰. No NSW hotels operate more than 30 gaming machines.

These small NSW hotels, many of whom are located in country and regional NSW make important contributions to their local community through sponsorship, the purchase of local goods and services and the employment of local staff.

With only a handful of gaming machines, these hotels do not have the financial strength or economies of scale to implement substantial gaming related regulatory change without threatening the ongoing operation of their businesses.

As can be seen in the table below, the average NSW hotel with gaming operates only 14.8 gaming machines, significantly less than almost all hotels & clubs in other jurisdictions.

Australian EGMs per venue

	Venues	Ave EGMs Per Venue
ACT Clubs	55	89.4
NSW Clubs	1,169	60.3
Victoria Clubs	247	52.0
Victoria Hotels	263	51.1
Qld Clubs	493	48.4
Qld Hotels	752	25.7
Tasmania Hotels	90	24.2
NT Clubs	32	23.5
SA Hotels	497	23.1
SA Clubs	61	22.5
Tasmania Clubs	10	17.3
NSW Hotels	1,576	14.8
NT Hotels	45	9.5
ACT Hotels	10	6.8
Source: Australasian Gaming Council. Australia's Gambling Environment 2014		

It is also important to recognise that any gaming related regulatory change will impact almost 90% of all NSW hotels.

⁹ Australasian Gaming Council 2014, Australia's Gambling Environment 2013-2014

¹⁰ NSW OLGR gaming data 2013

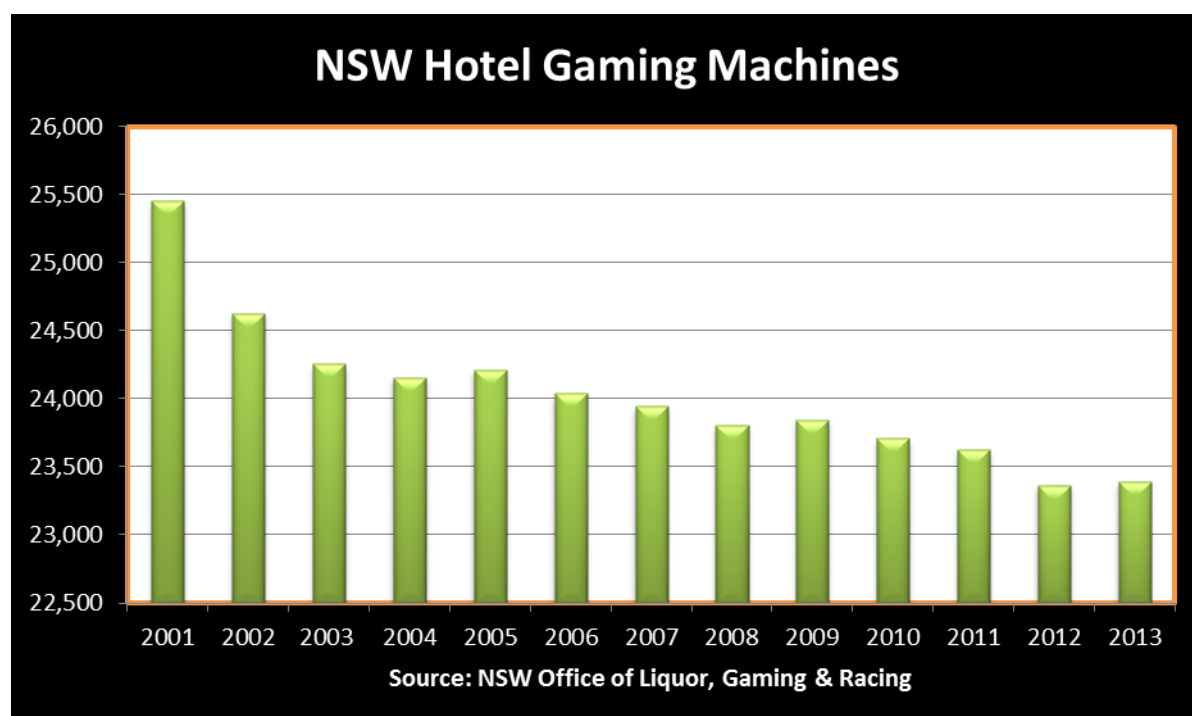
This is in contrast with other states and territories where the majority of hotels will not be affected by any change to gaming regulation.

2,000 less NSW hotel gaming machines

The number of gaming machines in NSW hotels has fallen consistently over recent years as a result of the NSW gaming machine forfeiture scheme.

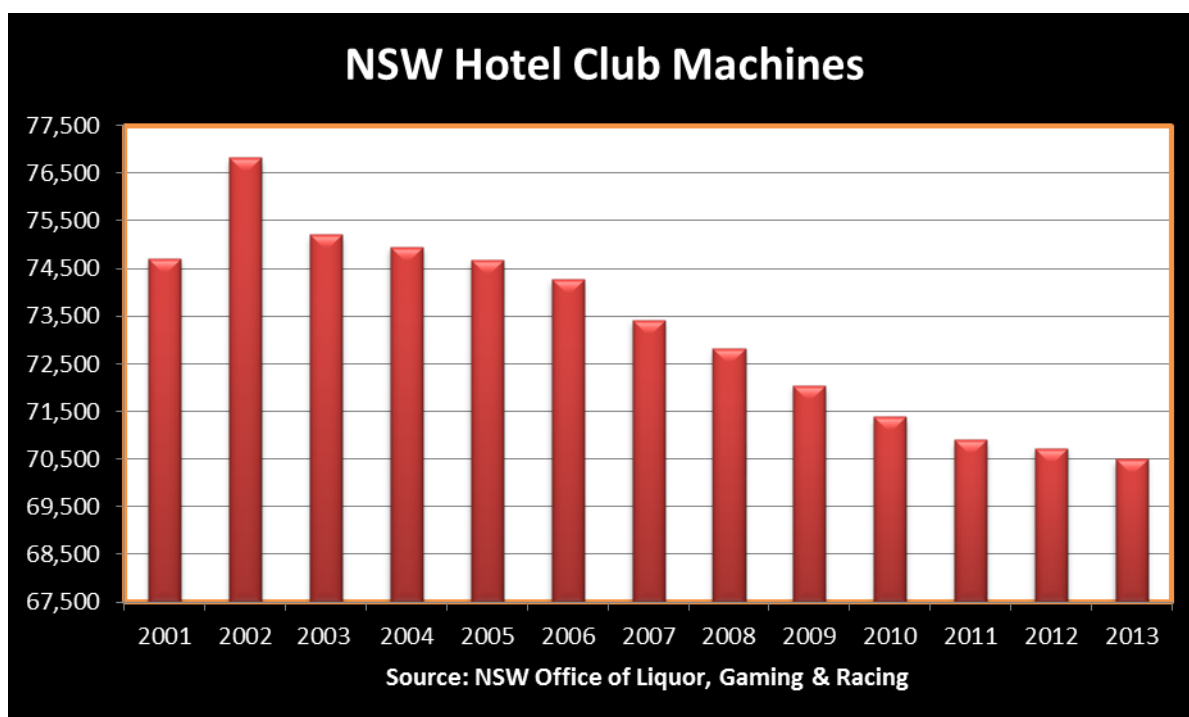
Today there are 2,058 less gaming machines in NSW hotels than there were in 2001.¹¹

This number will continue to fall as NSW hotel gaming machines are forfeited at a rate of 1 in every 3 traded.



The NSW Club industry has also recorded significant reductions in the number of gaming machines as a result of forfeiture.

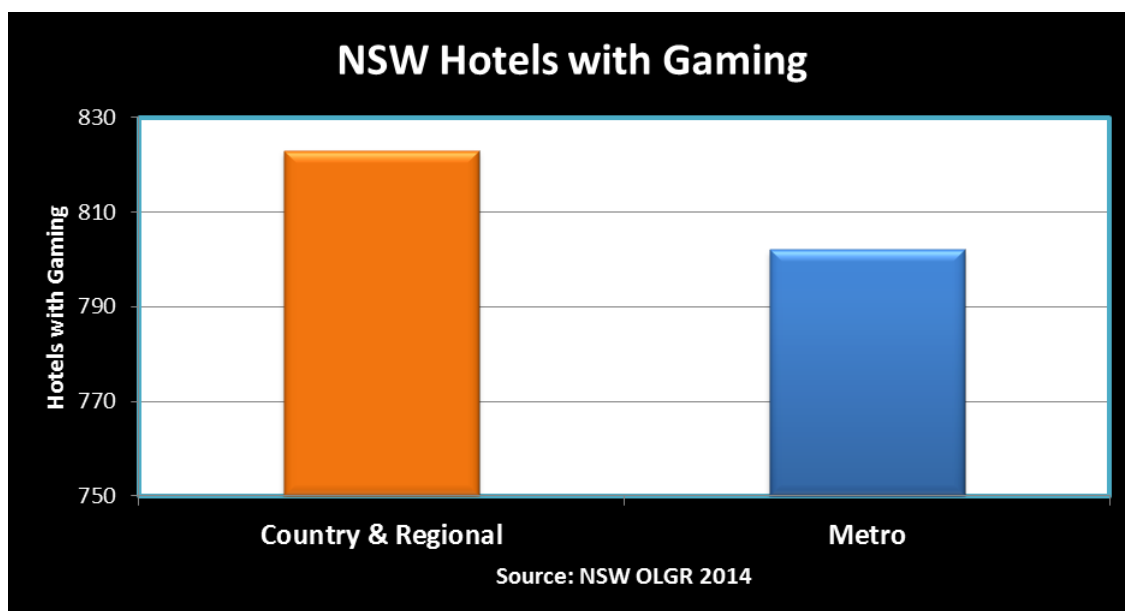
¹¹ NSW Office of Liquor, Gaming & Racing 2014



NSW Hotels – no concentration of gaming

Hotel gaming machines in NSW are not concentrated in Sydney.

In fact the majority of NSW hotels operating gaming machines are located in country & regional areas¹².



¹² Source: NSW OLGR, 2014

Small & country hotels

It is important to recognise the majority of NSW hotels only operate a very small number of gaming machines.

Any restriction on gaming machines or access to cash will unfairly harm over one thousand small, rural and regional hotels.

For example, there are currently 1,603 hotels in NSW with gaming machines.¹³

- 1,018 of these hotels (64%) have 15 or less EGMs
- 590 hotels (37%) have 10 or less EGMs
- 265 hotels (17%) have 5 or less EGMs.

In rural and regional NSW there are currently 823 hotels with gaming machines.

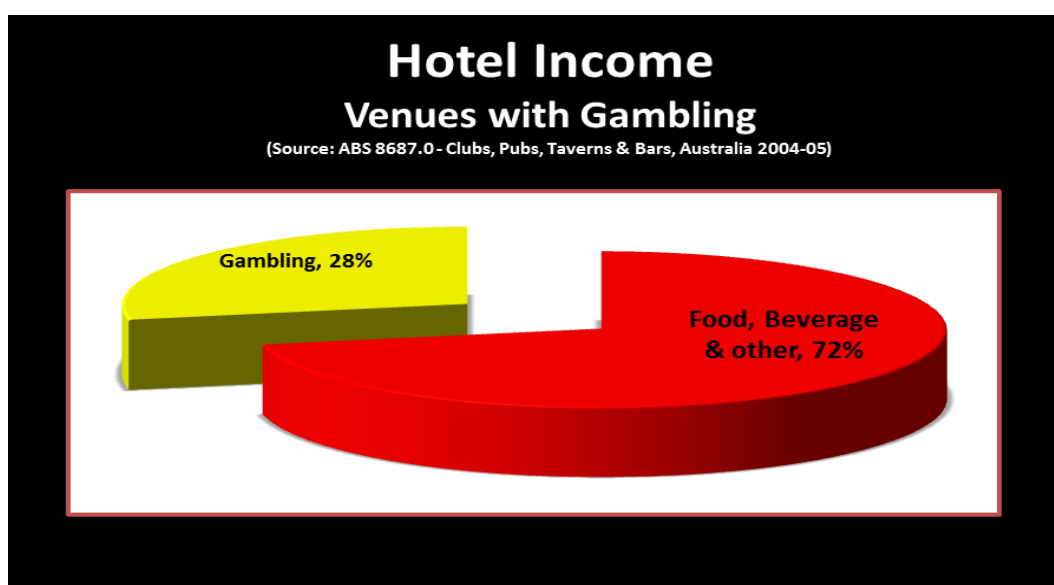
- 718 (87%) of these rural and regional hotels have 15 or less EGMs
- 500 (61%) have 10 or less EGMs
- 261 (32%) have 5 or less EGMs

These venues clearly do not rely on gaming for the majority of their income. However, gaming it is certainly an extremely important part of their business.

NSW Hotels - primarily food & beverage businesses

NSW Hotels are still primarily focused on the sale of food and beverages.

In 2004-05 the Australian bureau of Statistics found that in pubs, bars and taverns with gambling facilities, an overwhelming 70% of income was generated by food & beverage sales – sales unrelated to gambling.



¹³ NSW OLGR - 2014

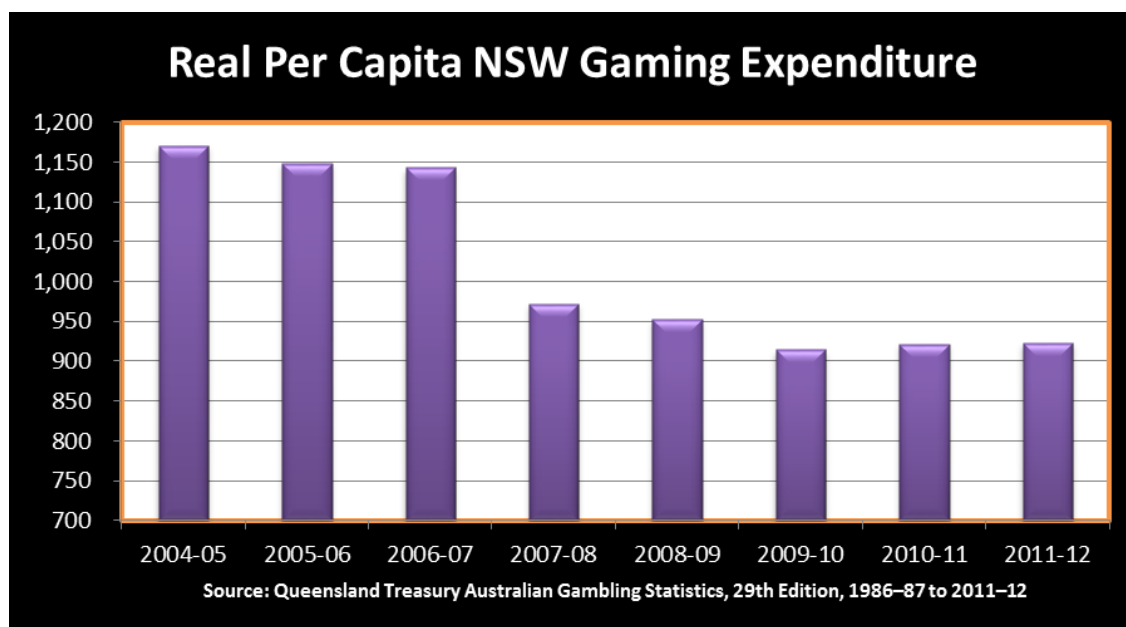
Over recent years many NSW hotels have invested considerable time and money to improve the quality of their restaurants and the variety of food they offer. Today NSW hotels serve an average of 1,046 meals each week. As shown in the table below, the traditional items on a hotel menu are most affordable in NSW.¹⁴

Average hotel food prices

Rank	State	Steak	Schnitzel	Burger	Fish & Chips	Total cost
1	NSW	\$17.84	\$14.41	\$10.89	\$14.32	\$57.46
2	SA	\$20.91	\$15.18	\$12.50	\$14.04	\$62.63
3	TAS	\$22.23	\$17.01	\$11.92	\$17.10	\$68.26
4	QLD	\$23.89	\$17.50	\$12.89	\$17.54	\$71.82
5	NT	\$25.07	\$16.88	\$12.97	\$16.97	\$71.89
6	ACT	\$26.38	\$18.70	\$10.50	\$17.87	\$73.45
7	VIC	\$24.17	\$18.34	\$14.55	\$19.01	\$76.07
8	WA	\$27.04	\$19.20	\$14.17	\$19.16	\$79.57
Source: PricewaterhouseCoopers: An overview of the Australian Hotel Industry, April 2009.						

Gaming as % of HDI and real expenditure

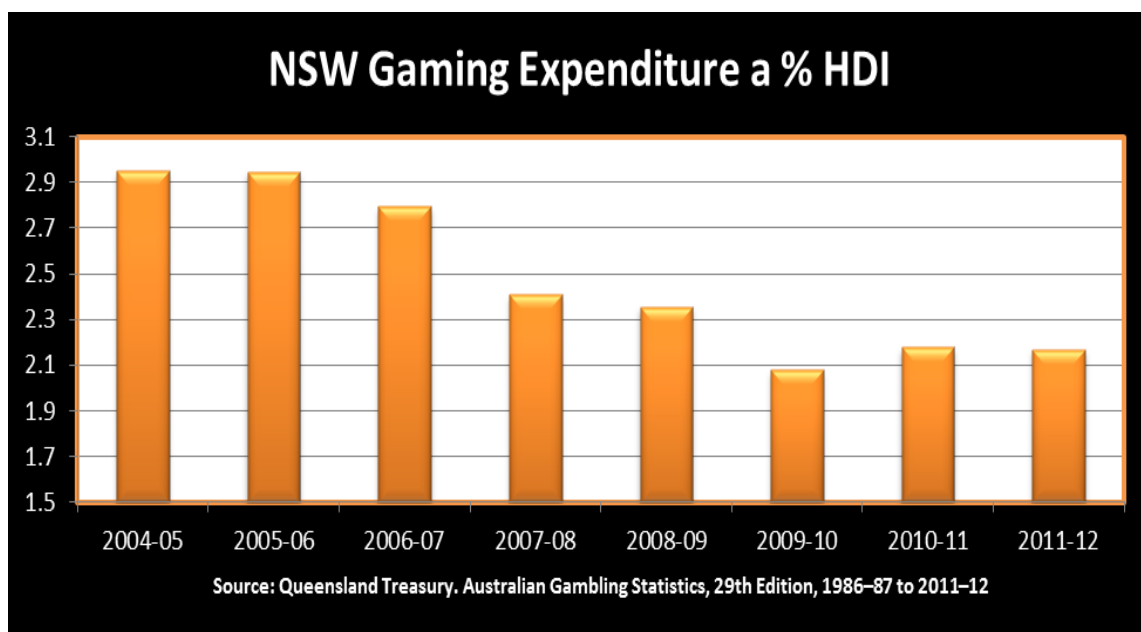
In NSW falls have also been recorded in both NSW gaming expenditure as a percentage of household disposable income¹⁵ and NSW real per capita gaming machine expenditure¹⁶.



¹⁴ PricewaterhouseCoopers: An overview of the Australian Hotel Industry, April 2009. p 21

¹⁵ Queensland Treasury. Australian Gambling Statistics, 29th Edition, 1986-87 to 2011-12

¹⁶ Queensland Treasury. Australian Gambling Statistics, 29th Edition, 1986-87 to 2011-12



All indicators point to continued subdued gaming growth in the foreseeable future.

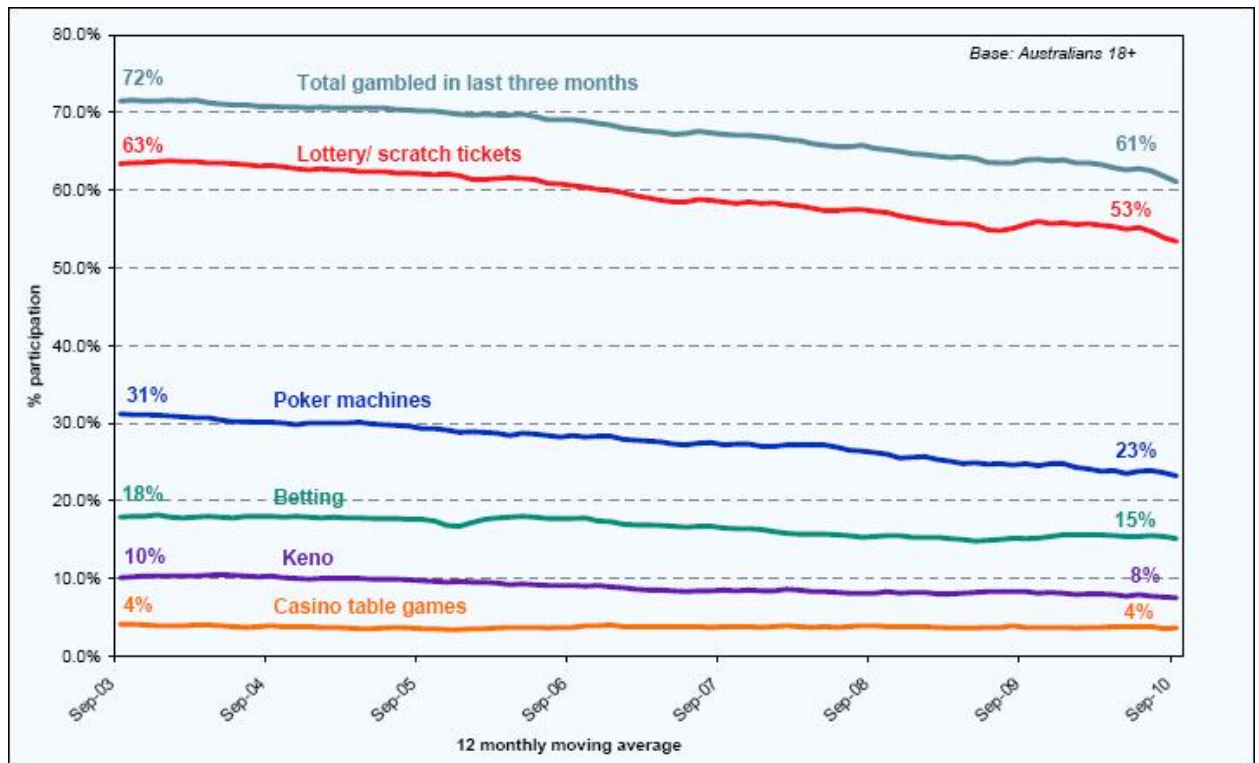
Poker machines: Participation downs

More recently, a 2010 study by Roy Morgan Research found fewer Australians were gambling than in 2003.¹⁷

The study found the percentage of people gambling had falling from 72% in 2003 to 61% in 2010.

Further, the percentage of Australians using gaming machines had fallen from 31% to 23%, with the study also finding the frequency of gambling on poker machines had also declined.

¹⁷ Roy Morgan Research 'Gambling continues to decline' 6 December 2010



Gaming harm minimisation In NSW

The Productivity Commission's "*A National Snapshot of Harm Minimisation Strategies*" recognised the many responsible gambling initiatives introduced throughout NSW and Australia in recent years, such as:

- A ban on advertising of gaming in the hotel
- A ban on accessing credit to gamble
- A ban of 24 hour gaming in hotels
- Staff are trained in responsible gambling
- ATMs and EFTPOS facilities are not permitted in gaming areas
- Caps on gaming machines
- Display of odds to players
- Warnings on machines
- Compulsory self- exclusion schemes
- Well-funded treatment services
- Display of clocks
- Social Impact Assessment for gaming machine increases to gauge the impact of increased gaming activity on a local community
- Gambling awareness week
- 24/7 online counselling
- A national 1800 helpline

Evidenced based decisions

Good policy is supported by clear and credible evidence.

In 2004, the NSW IPART recognised the importance of evidenced based decisions

“measures should be repealed or introduced only where there is clear evidence or broad stakeholder consensus that the measure is respectively ineffective or effective in achieving its objectives.”¹⁸

The history of gambling regulation in Australia is littered with ‘knee jerk’ decisions designed to deliver Government a political quick fix or appease a hostile anti-gambling spokesperson.

This phenomenon is not new, with IPART acknowledging in 2004

“there is widespread stakeholder concern that many of these measures were introduced without any credible evidence of their effectiveness, and that their objectives and the process for evaluating them are not clear.”¹⁹

Clearly it is now time to take stock and undertake a comprehensive evaluation of the many harm minimum measures implemented without evidence over the past decade.

It may become apparent that many harm minimisation measures in place are ineffective in helping problem gamblers, but are a hindrance to business and employment, and should be removed.

A commitment to evidenced based policy making is long overdue. Now is certainly not the time to continue blindly down the path of announcing unproven harm minimisation measures. This type of on-the-run policy places at risk the sustainability of industry and the employment of thousands – without providing real help to problem gamblers.

¹⁸ IPART NSW (2004): Gambling – Promoting a culture of responsibility, p 6

¹⁹ IPART NSW (2004): Gambling – Promoting a culture of responsibility, p 23

Economic & Community Contribution

In 2009 the AHA engaged PricewaterhouseCoopers to prepare a report into the Australian hotel industry.

This study involved analysis of existing data sourced from the Australian Bureau of Statistics, Queensland Treasury and the Productivity Commission.

PricewaterhouseCoopers also conducted the most extensive survey of Australian hotels ever, with 1,077 hotels responding.

Employment

Hotels in Australia employ 188,862 people.

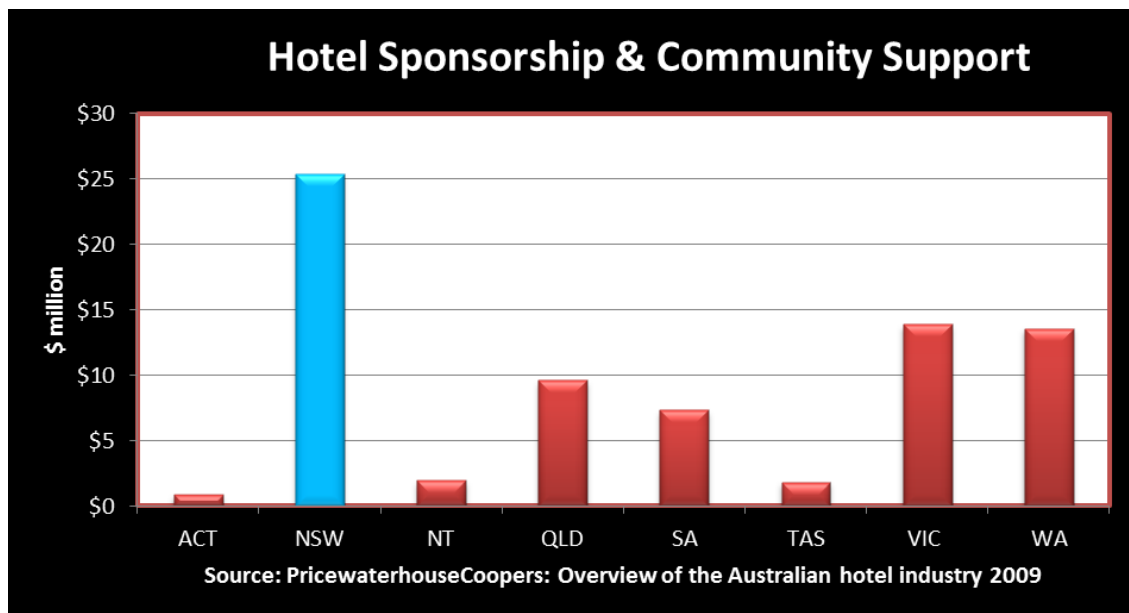
In NSW Hotels employ 55,000.



Community Contribution

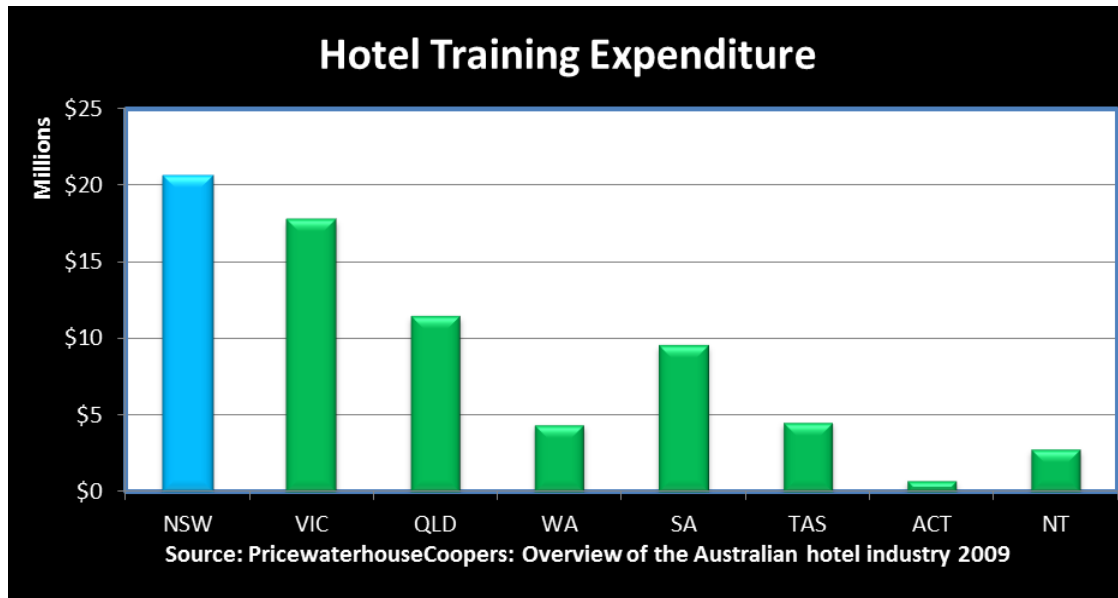
Sporting and community groups receive an estimated \$75 million each year from Australian hotels.

NSW Hotels are the most significant provider of this support.



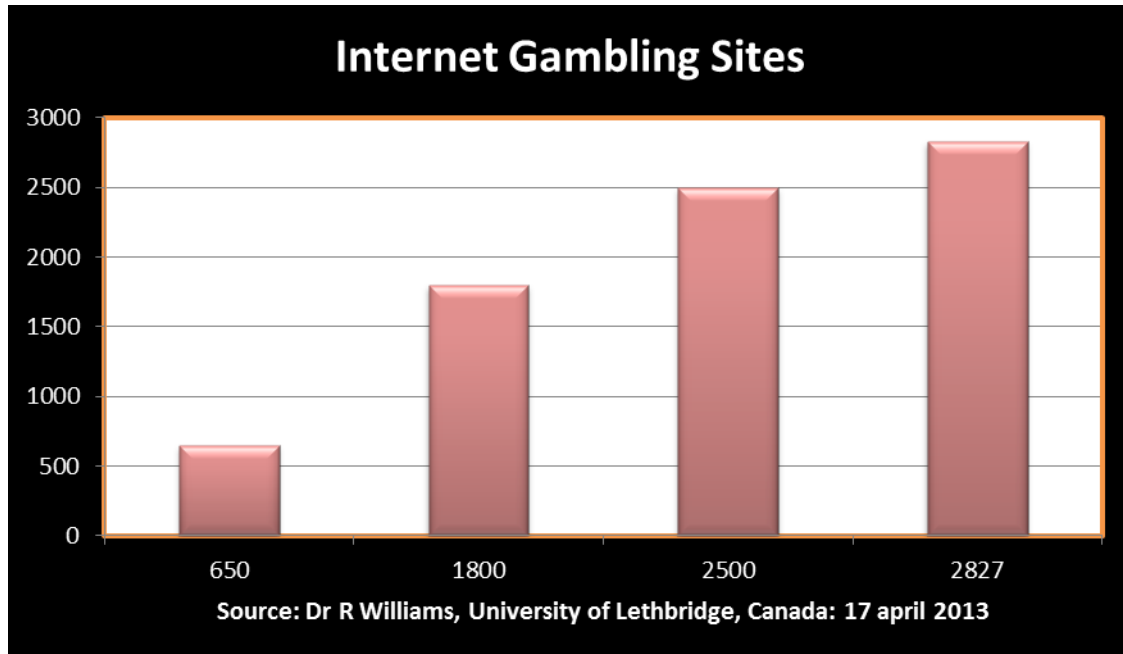
Training

Hotels also commit an estimated \$72 million each year to staff training, with NSW hotels leading the other states & territories.



Online Gambling

Over the past decade there has been an explosion in the number of internet gambling sites and the volume of money bet through them.



The current internet gambling market is estimated to be worth Euro 29.2 billion in 2014, up from Euro 6.4 billion in 2003.²⁰

Australians are already accounting for a significant portion of this expenditure with a recent study by Wood & Williams for the Ontario Problem Gambling Research Centre; Guelph, Canada finding Australian & New Zealand mean monthly internet gambling expenditure was the second highest in the world.²¹

Net Mean Monthly Gambling Expenditure (\$US)		
Rank	Region	Internet Gamblers
1	Africa	\$881.35
2	Australia & NZ	\$300.32
3	South America	\$281.40
4	USA	\$237.68
5	Europe	\$169.04
6	Canada	\$166.55
7	Other	\$124.17
8	Caribbean	\$124.17
9	Asia	\$88.69
10	United Kingdom	\$64.64

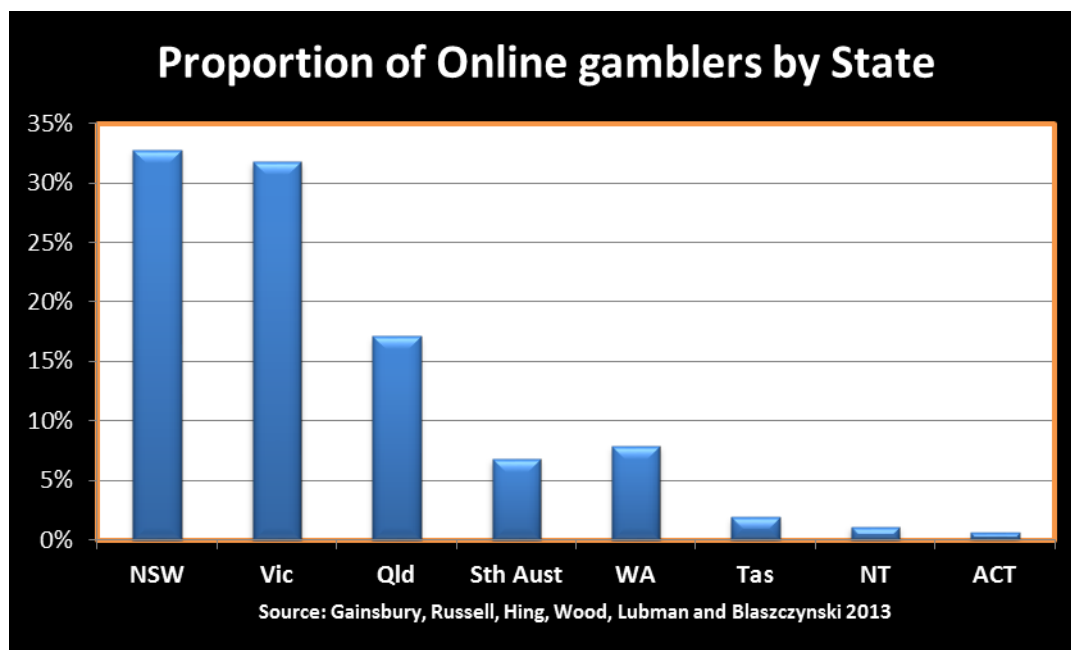
²⁰ <http://www.igamingbusiness.com/news/h2-gambling-capital-and-igaming-business-launch-igaming-dashboard>

²¹ Wood, R. Williams, R. (2009): Prevalence, Patterns, Problems and Policy Options, p67

Australian online gambling

In 2013 Gainsbury, Russell, Hing, Wood, Lubman and Blaszczynski released the most comprehensive study on Australian online gambling ever undertaken. The telephone survey of 15,006 Australian adults investigated “the prevalence of gambling among Australian adults and the relationship between various gambling activities and interactive modes of access.”²²

The study found the past year prevalence of interactive gambling in Australia was 8.1% with NSW and Victoria clearly leading the nation in terms of interactive gamblers.



It is concerning that the study found online gamblers were more likely to have higher gambling expenditure.

“Interactive gamblers were more likely to be male, younger, have home Internet access, participate in more forms of gambling and have higher gambling expenditure.”²³

Further, the survey looked at credit card use and online gambling, finding:

²² How the internet is changing gambling: Findings from an Australian prevalence survey, Gainsbury, Russell, Hing, Wood, Lubman and Blaszczynski

²³ How the internet is changing gambling: Findings from an Australian prevalence survey, Gainsbury, Russell, Hing, Wood, Lubman and Blaszczynski p2

“Most (71.2 %) believed that using a credit card or electronic money transfer has no impact on their spending, while 17.2 % stated that it had increased their spending.”²⁴

The study also found that 2.9% of online gamblers considered themselves to be professional gamblers, compared to 0.4% of non-interactive gamblers.

Online Problem Gambling

“the prevalence of problem gambling is 3 to 4 times higher in internet gamblers compared to non-internet gamblers.”²⁵

Internet gambling possesses certain features that can increase the risk of problem gambling, including²⁶:

- Solitary play – increased potential to dissociate and lose track of time / money gambled
- Play under the influence of Drugs & Alcohol – Responsible Service of Alcohol laws do not apply in the home
- Accessibility & Convenience – no time travel required, may lead to greater frequency of play
- Anonymity – may reduce social anxiety and inhibitions; problem gamblers may gamble in secret and in private
- Electronic payments – may have a lower psychological value than cash, resulting in greater amounts wagered
- Credit Card gambling – accounts are funded by credit card deposits; gamblers bet with money they don’t have

It is therefore not surprising independent research has found internet gamblers are more likely to be problem gamblers than those who don’t gamble online.

“Levels of problem gambling appear to be substantially higher amongst Internet gamblers compared to non-internet gamblers.”²⁷

Consumer protection

“A significant proportion of sites have unsatisfactory business and responsible gambling practices.”²⁸

²⁴ How the internet is changing gambling: Findings from an Australian prevalence survey, Gainsbury, Russell, Hing, Wood, Lubman and Blaszczynski p8

²⁵ Wood, R. Williams, R. (2009): Prevalence, Patterns, Problems and Policy Options, p10

²⁶ Monaghan, S. (2009) A Critical Review of the Impact of Internet Gambling, p 8

²⁷ Monaghan, S. (2009) A Critical Review of the Impact of Internet Gambling, p 3

²⁸ Wood, R. Williams, R. (2009): Prevalence, Patterns, Problems and Policy Options, p94

Unlike gambling in an Australian hotel, which is regulated by Government to ensure consumer fairness and protection, many online gambling sites operate in a relatively unregulated environment and have little regard for the player.

Internet Gambling & Youth

The youth of Australia rapidly adopt and utilise new technology. With a penchant for risk taking behaviour, internet gambling represents a serious threat to our youth with independent research finding many young teenagers are already gambling online.

Virtually all Australian teenagers now use the internet and there is a real risk vulnerable Australians, particularly those under the age of 18 will be attracted to these gambling websites. Unfortunately many internet gambling sites do not place great importance on ensuring appropriate identification is obtained from the gambler.

An investigation of 30 internet gambling sites in the UK found only half made genuine attempts to verify the age of players²⁹, while a further study found only 20% of sites were given a 'high' rating for their responsible gambling measures.³⁰

In light of this research, it is alarming that young Australians are now being aggressively targeted by offshore internet casinos with the promise of 'too good to be true' sign-on bonuses.

Inducement to gamble - Free Bets

It has become increasingly common for gambling operators, particularly internet casinos and corporate bookmakers to offer free bets as a strategy to recruit new customers.

Appropriately, hotels in NSW are not permitted to offer free bets to attract customers to their gaming machines.

The AHA believes this is a serious responsible gambling issue. The offering of free bets by any gambling operator should not be permitted as it is a blatant attempt to encourage a person to gamble who otherwise would not have gambled.

²⁹ Smeaton, M & Griffiths, M (2004) Internet Gambling and social responsibility: An exploratory study. *Cyber Psychology & Behaviour*

³⁰ Jawad, C. & Griffiths, S. (2008) A critical analysis of online gambling websites. Paper presented to at the 2008 EBEN-UK Annual Conference.

Hotels, Gambling & International Tourism

In December 2005 the Commonwealth Department of Industry Tourism and Resources prepared an emerging markets tourism strategy³¹ for the Minister for Small Business and Tourism.

Tourism is a significant contributor to the Australian economy and the Australian tourism industry is heavily reliant on visitor arrivals from China. The Report forecast that China is set to become Australia's largest source of visitor arrivals by 2017.

In terms of the most popular activities undertaken by Chinese visiting Australia, gambling featured prominently with 38% of all tourists visiting a casino during their stay.

The Report also recognised that over the past 15 years India has emerged as one of the fastest growing economies in the world. By 2025 India's rank in terms of visitor arrivals to Australia is forecast to increase from 15th to 7th.

It is interesting to note that one of the most popular activities engaged in by visitors from India was "going to pubs, clubs & discos".³²

Government should consider the impact on tourism when assessing the NSW gambling environment.

³¹ Department of Industry Tourism and Resources (2005), *China & India: Investing today for tomorrow*.

³² Department of Industry Tourism and Resources (2005), *China & India: Investing today for tomorrow*. P10, 13 & 18

State Regulation

Gambling has evolved very differently in each State & Territory.

It's clear a 'one size fits all' approach to gambling regulation is not appropriate. Each State & Territory Government remains the most appropriate body to regulate gambling in their own jurisdiction.

According to the Australasian Gaming Council there are currently 5,300 businesses that provide opportunities for gambling on gaming machines. This number has fallen since 2001 when the total number was 5,968.

The table below highlights the different gambling environments operating in each State & Territory.

As can be seen, NSW has as many hotels with gaming machines as all other States & Territories combined. However it should be noted most of these hotels are small in terms of gaming, with 1,018 or around two thirds of all NSW hotels operating not more than 15 gaming machines.³³

Estimated Number of venues with EGMs in Australia by state/territory (2012-13)³⁴

Location	Hotels	Clubs	Casino(s)	Total
Australian Capital Territory	10	55	0	65
New South Wales	1,576	1,169	1	2,746
Northern Territory	45	32	2	79
Queensland	752	493	4	1249
South Australia	497	61	1	559
Tasmania	90	10	2	104 ³⁵
Victoria	263	247	1	511
Western Australia	N/A	N/A	1	1
Total	3,233	2,067	12	5,314³⁶

Source: Victorian Commission for Gambling and Liquor Regulation, Tasmanian Department of Treasury and Finance, ACT Gaming and Racing Commission; Government of South Australia Consumer and Business Services, Queensland Government Office of Liquor Gaming and Racing, Northern Territory Licensing Commission, NSW Office of Liquor, Gaming and Racing.

With regard to the total number of gaming machines throughout Australia, the table below also shows significant differences between the jurisdictions.

³³ NSW Office of Liquor, Gaming & Racing. NSW gaming data 2014.

³⁴ Australian Gaming Council: Australia's Gambling Environment 2013-2014

³⁵ The total venues for Tasmania includes 2 Trans-Tasman Line Ferries equipped with EGMs.

³⁶ Total includes 2 Trans-Tasman line ferries equipped with EGMs.

Estimated Number of EGMs in Australia by venue type (2012-13)³⁷

Location	Hotels	Clubs	Casino(s)	Total
Australian Capital Territory	68	4,918	N/A	4,986
New South Wales	23,337	70,481	1,500	95,318
Northern Territory	428	753	1,088	2,269
Queensland	19,300	23,860	3,722	46,882
South Australia	11,477	1,375	995	13,847
Tasmania	2,180	173	1,173	3,572
Victoria	13,428	12,844	2,500	28,772
Western Australia	N/A	N/A	2,000	2,000
Total	70,218	114,404	12,978	197,646

Source: Victorian Commission for Gambling and Liquor Regulation, Tasmanian Department of Treasury and Finance, ACT Gaming and Racing Commission; Government of South Australia Consumer and Business Services, Queensland Government Office of Liquor Gaming and Racing, Northern Territory Licensing Commission, NSW Office of Liquor, Gaming and Racing.

The history of gaming machines in each State & Territory is also vastly different as shown in the table below.³⁸ Of course, the Committee would be well aware gaming machines were operating illegally and unregulated in the years prior to formal Government approval.

	Year legalised in Clubs	Year legalised in Hotels
NSW	1956	1992
Victoria	1992	1992
Queensland	1992	1992
South Australia	1994	1994
WA		
Tasmania	1997	1997
ACT	1976	1988
NT	1996	1996

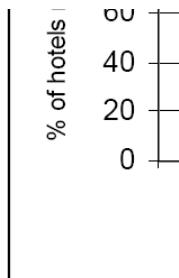
³⁷ Australian Gaming Council: Australia's Gambling Environment 2013-2014

³⁸ Australasian Gambling Council (2008), Overview of the Gambling Industry. Table 1.3.8 & Table 1.3.6

ATMs in NSW hotels

Hotels rely on ATMs to support their core business – food and beverage sales.

The typical NSW hotel customer uses the in-venue ATM because it is a safe & convenient place to withdraw cash to buy food & drinks or to spend elsewhere.



ATMs are located where consumers want to use them, with about 25% of Australia's 25,000 ATMs located in pubs & clubs.³⁹

Restricting ATMs or EFTPOS facilities in hotels cannot be supported. Such a blunt action would:

- Place many hotel jobs at risk
- Inconvenience 99% of the population who don't have a problem with gambling
- Have a devastating impact on food & beverage sales – and the viability of many hotels
- Cripple many small, country & regional hotels
- Create an unnecessary safety risk for patrons

It is important to acknowledge that significant ATM restrictions are already in place.

NSW legislation currently prohibit the operation of ATMs inside hotel gaming rooms, while credit card withdrawals are not permitted from ATMs located in licensed venues with gaming machines.

³⁹ David Glen, Chair ATM Industry Reference Group. Senate Standing Committee on Community Affairs. 12 September 2008 pg CA 30.

Access to EGMs & problem gambling

Recent research and evidence does not identify a link between access to gaming machines and the rate of problem gambling.

In 2008, the NSW Independent Pricing and Regulatory Tribunal (IPART) completed a Review of the NSW Registered Clubs Industry. IPART specifically examined this relationship and concluded that there was no link:

“Based on more recent studies measured via the Canadian Problem Gambling Index it appears that greater access to gaming machines between states does not necessarily translate into a higher incidence of problem gambling.”⁴⁰

Further, examination of gaming machine numbers and problem gambling prevalence rates clearly show that total gaming machine numbers do not influence the rate of problem gambling.

For example, Victoria, with 27,500 gaming machines in clubs & hotels has a problem gambling rate of 0.96%. In comparison, NSW with more than three times the number of gaming machines (96,000) operating in clubs & hotels has a problem gambling rate of 0.4%.⁴¹

It is now clear the number of gaming machines in a State and the access the public has to them does not contribute to problem gambling.

⁴⁰ NSW Independent Pricing and Regulatory Tribunal 2008: Review of the Registered Clubs Industry in NSW. p235

⁴¹ Productivity Commission Inquiry Report: Gambling 2010 p 5.18

Pre commitment

The Committee would be aware pre commitment is already widely practiced throughout Australia.

The McDonnell-Phillips report for Gambling Research Australia concluded most regular Australian gamblers do precommit – including problem gamblers.

“Findings of research clearly highlight that limit setting is quite characteristic of virtually all types of regular gamblers. This even extends to problem gamblers and higher risk groups, who also often precommit more frequently than their lower risk counterparts.”⁴²

In NSW, the current Gaming Machines Regulation allows gamblers to pre commit by setting expenditure limits.

103 Weekly account limits

- (1) A person who opens a player account may, by written notice to the hotelier or registered club, set a limit on the amount of net expenditure (ie turnover less wins) per week from the account (weekly account limit). The setting of a weekly account limit may also include arrangements for the deactivation of the account card.*
- (2) The person is to be advised in writing at the time the player account is opened that a weekly account limit may be set.*
- (3) If a weekly account limit is set, the person may alter the limit by written notice to the hotelier or registered club.*
- (4) If the notice is to decrease the weekly account limit, the hotelier or registered club is to give effect to alteration as soon as practicable (but not later than 24 hours in any case).*
- (5) If the notice is to increase the weekly account limit, the increase does not take effect until 48 hours after the notice is given to the hotelier or registered club.*
- (6) Information about altering the weekly account limit is to be provided to the person in writing at the time the player account is opened.*

Voluntary pre-commitment without the forced replacement or upgrade of gaming machines

The AHA (NSW) is supportive of voluntary pre-commitment where the player has the option of setting a time or monetary bet limit.

⁴² McDonnell-Phillips for Gambling Research Australia (2006), Analysis of Gambler Pre-Commitment Behaviour, p14

However, the AHA (NSW) is strongly opposed to the former Gillard Government's Commonwealth gaming legislation which would have forced venues with more than 10 gaming machines to replace or upgrade all machines in their venue to be 'voluntary pre-commitment ready' by either 2018 or 2022.

In NSW hotels 73% of machines are equipped with older technology. The former Commonwealth Government's legislation would have required hotels to replace these machines at a cost of \$25,000 each = \$430 million.

Small and mid-sized venues, particularly in regional NSW, simply do not have the cash to fund this forced capital expenditure.

No State-wide database

Player privacy is of the utmost importance. The player must be protected.

The AHA (NSW) strongly opposes a state-wide database that tracks and monitors the play of those who make use of voluntary pre-commitment.

We also believe the existence of a 'big-brother' state-wide database is likely to deter players from using the voluntary pre-commitment option.

Live Music & gaming

Hotels with gaming machines are twice as likely to host live music & other community events.

It is estimated each year the Australian hotel industry hosts 249,819 live music performances.⁴³

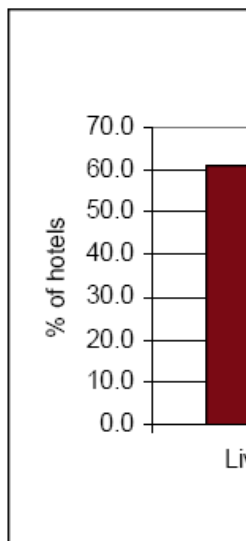
Independent research has found the introduction of gaming machines into hotels across Australia has provided a significant boost to the live music industry, providing countless hours of entertainment for many thousands of Australians and international tourists.

'Vanishing Acts' An inquiry into the state of live popular music opportunities in NSW by Associate Professor Bruce Johnson and Dr Shane Homan is the principal source document on this issue. This 2002 Report was jointly funded by the Music Board of Australia Council and the NSW Ministry for the Arts.

The report did not blame gaming for the demise of the live music industry, instead it found:

“The causes of the reduction, however, extend far beyond the liberalisation of gaming legislation, and in fact **gaming has proven to be a means of subsidising live music.**”⁴⁴

The findings of the Vanishing Acts Report have recently been confirmed by PricewaterhouseCoopers Australia in their recent survey of Australian hotels which revealed hotels with gaming machines were twice as likely to host live music.



⁴³ PricewaterhouseCoopers: An overview of the Australian Hotel Industry, April 2009

⁴⁴ Johnson, B. and Homan, S. (2002) *Vanishing Acts' An inquiry into the state of live popular music opportunities in NSW* p 1

Protection and informed choice

Gambling is a recreational and entertainment activity enjoyed by millions of Australians. The overwhelming majority who gamble derive enjoyment from it.

Unfortunately for less than 1% of the adult population, gambling does create problems and the AHA (NSW) supports targeted initiatives aimed at protecting and helping these Australians.

While individuals are responsible for their own actions, the AHA (NSW) believes additional attention and resources need to be devoted to ensuring all Australian adults are in a position to make an informed choice when it comes their gambling activities.

Education

NSW research suggests the 18-30 age group are most at risk of developing problems with gambling.⁴⁵ It is an unfortunate reality that many young people do not understand the odds when gambling and overestimate their chance of success.

The AHA believes there is a real need to include in the NSW school curriculum an education program delivering factual information on all forms of gambling to students before they reach legal age.

There is considerable support for this approach:

“interventions designed to inform new gamblers about the true odds and risks need to be targeted at young people before they can legally leave school (perhaps around 12-14 years of age), and be supplemented by information concerning irrational beliefs and fallacies associated with gambling.”⁴⁶

“It is expected that, once students have adequate awareness about the risks of gambling they will be able to determine whether they need to avoid the activity completely, know how to be careful if they elect to experiment with gambling, and make the decision to get help for any problems.”⁴⁷

There have also been some recent examples of State Government’s taking the lead in this area.

⁴⁵ AC Nielsen (2006), Prevalence of Gambling and Problem Gambling in NSW – A community survey 2006, p44

⁴⁶ Delfabbro (2007). Australasian Gambling Review p36

⁴⁷ Monaghan. S, The University of Sydney (2008). Role of Education in the Prevention of Youth Gambling Problems p6

In South Australia the 'Dicey Dealings' program was developed to allow school students to consider and understand potential consequences of gambling related choices. Evaluation of the program by the Department of Education and Children's Services was positive:

*"the education campaign had improved students' knowledge of the odds of gambling, given them a greater understanding of the randomness and chance, and enhanced student awareness of the risks of gambling, as compared with a group of control schools that had not been exposed to the curriculum materials."*⁴⁸

In Victoria the 'You figure it out – Know the odds' program and in Queensland the "The Responsible Gambling Curriculum" program have both been promoted to school students.

Today, schools throughout Australia teach students about safe sex, the dangers of smoking and drugs and the responsible consumption of alcohol. However, to adequately prepare students for life after school, gambling education should also be included in the NSW school curriculum.

Most importantly, this educational program would not encourage or glamourise gambling.

The AHA (NSW) strongly believes the NSW Government has an important role to play in the co-ordination and implementation of such a program.

Informed Choice

Prevention is always better than a cure.

Every effort needs to be made to ensure players are aware of their chances of success & are as informed as possible.

While 'return to player' can be a difficult concept to explain and understand, all gambling industry participants have a responsibility to ensure gamblers are aware of their chances of success (or failure).

Throughout Australia, hotels are required by law in each State to ensure their gaming machines provide a minimum return to player percentage. However, experience has taught us that informing players their return will be 90% will only lead to player confusion, frustration and disappointment - because the 90% is a long-run expected return, and is unlikely to be relevant for a given gambling session.⁴⁹

⁴⁸ South Australian Department of Education and Children's Services (2005). Quoted in Delfabbro (2007). Australasian Gambling Review p138

⁴⁹ Delfabbro, P. (2007). Australasian Gambling Review p141

To overcome this problem, the AHA believes additional resources should be devoted to researching, developing and testing new 'meaningful odds' information for players. The promotion of 'meaningful odds' information was supported by the Productivity Commission in 1999.

*"Better information about the odds and the average costs of gambling might help reduce the false perceptions that sometimes underlie problem gambling."*⁵⁰

To ensure a level playing field, the AHA believes it is appropriate for 'meaningful odds' player return information to be provided to patrons by operators of all forms of Australian gambling.

⁵⁰ Productivity Commission, Australia's Gambling Industries, Inquiry Report, November 1999, p 40

Self-exclusion

GameCare - AHA's long-term commitment to responsible gambling

In December 1999, the NSW Branch of the Australian Hotels Association appointed a specialist gambling counsellor as part of our on-going commitment to the responsible service of gambling. This appointment was the first of its kind in Australia.

In February 2002 the AHA (NSW) began operating a self exclusion program as a voluntary initiative - two years prior to the introduction of mandatory self exclusion.

For many years AHA (NSW) members have made a commitment in writing to the GameCare Code of Conduct (below)



This code of conduct is displayed inside all AHA (NSW) member gaming rooms and commits to:

Hotel Gaming Code of Conduct:

- 1) Abide by all Acts and Regulations applicable to the delivery of gaming in the state of NSW and support all legislation passed by the NSW Parliament.*
- 2) Ensure that gaming machine play is conducted as an ancillary activity of traditional hospitality services.*
- 3) Assist patrons who have (or are at risk of developing) a gambling problem by participating in, and actively promoting, the **GameCare** state-wide Self-Exclusion program.*
- 4) Ensure that all staff are aware of their obligations relating to the **GameCare** Self-Exclusion program including respecting the confidentiality of self-exclusion participants and not disclosing any related information to another person unless in the exercise of their duties.*
- 5) Display signage promoting the **GameCare** accredited counselling service as part of directing patrons-in-need to professional support services.*
- 6) Conduct business in a manner that precludes persons who (a) may indicate signs of intoxication and/or (b) are known to be self-exclusion participants.*
- 7) Prohibit any form of patron credit being available for gaming machine play.*
- 8) Actively promote awareness among all hotel staff of the Gaming Machines Act requirement for payment of large collects (over and above the 1st \$2000 in cash) to be paid in cheque and when requested by patron, to provide the entire collect by cheque.*
- 9) Ensure that all staff working in gaming rooms complete an accredited Responsible Conduct of Gambling course and Responsible Service of Alcohol course.*
- 10) Clearly mark out gaming machines that are out-of-order to avoid customer confusion and disappointment.*

Since its inception GameCare has assisted more than 3,400 people, with Harvard University's Centre for Addictions Associate Director of Research Richard LaBrie describing GameCare as a world leader in the provision of industry assistance for problem gamblers⁵¹.

Anybody wishing to ban themselves from using gaming machines can contact the AHA via a toll-free number and forfeit their right to be in any area of the hotel set aside for gaming purposes.

⁵¹ R. LaBrie. Ass. Dir. Division on Addictions, Harvard Medical School, June 2005.

A strength of GameCare is that it is a state-wide program which allows a problem gambler to self-ban from the gaming areas of the hotel(s) in their district, no matter where they live, irrespective of the cost – which is borne by the AHA.

This removes the need for the client to visit each venue as this is recognised as a disincentive for participation.

Macquarie University Assessment of NSW GameCare

In 2003, the AHA (NSW) submitted GameCare to Macquarie University for independent performance assessment. Macquarie University found GameCare services are profoundly valuable in assisting problem gamblers. Some of the specific findings are:

- 88% of surveyed participants found the self-exclusion program to be satisfactory for their needs;
- 76% of surveyed participants found themselves financially better off after participating in the self exclusion program;
- 65% cited significant improvement in their personal relationships as a result of participating in the program;
- More than 70% reported significant reductions in the money spent on gambling as a result of participating in the program;

Self Exclusion – the ideal model

In March 2009, the AHA (NSW) engaged the services of Sweeney Research to obtain the views of problem gamblers on the ideal self exclusion model.

Sweeney Research have extensive experience in conducting gaming research, including over 10 years of involvement with problem gambling research for the Victorian Government.

The study consisted of a phone survey of 1,713 problem gamblers who had self-excluded themselves from NSW hotels through GameCare.⁵²

An impressive response rate of 422 or 24.6% of self-excluded problem gamblers, all of whom have experienced self-exclusion as a recovery tool, completed the survey.

The survey of problem gamblers found:

- To be able to self-exclude from a multitude of locations in just the one meeting is a service that 92% of those surveyed consider important or very important.

⁵² Sweeney Research (2009) NSW Self-excluded problem gambler survey

- 85% consider being able to apply for self-exclusion somewhere confidential and private is seen as important or very important.
- 84% consider being able to self-exclude at a location close to home/work as important or very important.

The above results clearly indicate any self-exclusion scheme must include the following features:

- multi venue exclusion
- the ability to self exclude close to home or work
- 24/7 availability
- Confidentiality & privacy

Hotel & Club multi-venue self-exclusion – An Australian First

Industry associations have a very important role to play in the operation of gambling self-exclusion, through the provision of support to members.

Recognising that people who wish to self-exclude attend both hotels and clubs in their local area, the AHA (NSW) is now working closely with Clubs NSW to create a comprehensive hotel / club multi-venue self-exclusion scheme.

This would allow a patron to self-exclude from the hotels and clubs near their home and / or work in one meeting.

Effective treatment

*92.7% of problem gamblers said they were better able to manage their gambling habits after three months of counselling.*⁵³

The above statistic produced by the NSW Government's Responsible Gambling Fund (RGF) clearly shows the effectiveness of treatment.

Today all gamblers have access to free and confidential help or advice where and when they need it.

In NSW alone, the NSW Government has allocated around \$200 million through their Responsible Gambling Fund (RGF) since 1995 to help people with gambling problems. This funding has supported quality counselling services, research, education and other community projects.

Annual funding has grown from around \$300,000 in 1995 to \$14.7 million in 2012. The NSW RGF continues to fund:

- 24-hour Gambling Helpline service (1800 858 858)
- 24-hour national Gambling Help Online counselling service
- six multi-region Gambling Help services offering specialist assistance for people from culturally and linguistically diverse backgrounds
- two specialist support services providing, respectively, training programs for problem gambling counsellors and expert legal advice for individuals and services
- on gambling-related matters, and
- 38 individual Gambling Help face-to-face counselling services throughout the 11 regions of the Department of Premier & Cabinet's Regional Coordination Program

Governments across Australia have allocated many hundreds of millions of dollars to gambling counselling and support services since 1999. Pleasingly, research has shown these services are having a positive impact.

In NSW the RGF undertakes client follow-up research into the effectiveness of their counselling services.

In the December 2008 study to assess the impact of counselling upon those with gambling problems respondents were asked how they felt their ability to manage their gambling habits had changed 1, 3 and 6 months after attending counselling. Further questioning asked about changes in the amount of gambling undertaken, the amount of time spent gambling, and changes in their motivation to gamble.

Respondents to the initial survey 1 month after counselling were contacted again 3 months after counselling, with the respondents to the 3 month survey contacted again after 6 months.⁵⁴

⁵³ NSW Responsible Gambling Fund (2 March 2009)

As can be seen in the table below, these gambling help services are achieving extremely positive outcomes with 90% of clients reporting being “*better able to manage their gambling*” 6 months after attending counselling. Importantly, many of these people will have stopped gambling entirely.⁵⁵

1 MONTH (total respondents = 191)				
Better Able to Manage = <u>84.3%</u>		No Change / Unsure = 14.7%		Losing Ability to Manage = 1%
	Decreased	No change	Unsure	Increased
Amount	161	19	3	8
Time	167	16	3	5
Motivation	150	23	4	14
3 MONTHS (total respondents = 55)				
Better Able to Manage = <u>92.7%</u>		No Change / Unsure = 7.3%		Losing Ability to Manage = 0%
	Decreased	No change	Unsure	Increased
Amount	52	3	0	0
Time	52	2	0	1
Motivation	52	3	0	0
6 MONTHS (total respondents = 20)				
Better Able to Manage = <u>90%</u>		No Change / Unsure = 5%		Losing Ability to Manage = 5%
	Decreased	No change	Unsure	Increased
Amount	19	0	0	1
Time	19	0	0	1
Motivation	19	1	0	0

It is clear treatment is effective for those problem gamblers who receive counselling.

However, research also suggests far too few problem gamblers currently seek help, with only around 10% seeking formal assistance in a given 12-month period.⁵⁶

There is an urgent need to rectify this. Industry & Government now spend hundreds of millions of dollars on gambling counselling and treatment services. However it is apparent our immediate focus needs to shift towards encouraging those with a problem to seek help.

⁵⁴ NSW Responsible Gambling Fund (2 March 2009)

⁵⁵ NSW Office of Liquor, Gaming & Racing. March 2009

⁵⁶ Delfabbro, P. (2007). Australasian Gambling Review p175