



SUBMISSION TO THE INDEPENDENT PRICING AND
REGULATORY TRIBUNAL OF NEW SOUTH WALES

Review of Gambling Harm Minimisation Measures

November 2003

TABLE OF CONTENTS

EXECUTIVE SUMMARY	5
SUMMARY OF CLUBSNSW POSITION	7
BACKGROUND	13
DETAILED RESPONSE TO PROLEM GAMBLING MEASURES.....	15
1. COMPULSORY GAMING MACHINE SHUTDOWN - 24 HOUR TRADING	15
2. SMOKING BANS.....	17
3. PERIODIC SHUTDOWN OF INDIVIDUAL GAMING MACHINES.....	17
4. PERIODIC INFORMATION MESSAGES	18
5. RESTRICTIONS ON ALCOHOL CONSUMPTION AND SERVICE.	18
6. SELF EXCLUSION SCHEMES	19
7. REQUIREMENTS TO DISPLAY CERTAIN SIGNAGE AND GENERAL ADVERTISEMENTS HIGHLIGHTING PROBLEM GAMBLING.....	19
8. CLOCKS IN GAMING AREAS	20
9. INFORMATION BROCHURES.....	20
10. INFORMATION ON BETTING TICKETS.....	20
11. ROLE OF COMMUNITY SERVICES, INCLUDING GAMBLING COUNSELLING SERVICES	20
12. COMPULSORY DISPLAY OF PAYOUT RATIOS AND PROBABILITY OF WINNING SPECIFIC PRIZES, CREDIT, BET AND WINS IN MONETARY VALUES AND PLAYER INFORMATION DISPLAYS.	23
13. PLAYER SESSION INFORMATION AND PLAYER ACTIVITY STATEMENTS.....	23

14.	CHEQUES	24
	a) Large payout by cheque.....	24
	b) Cheque cashing.....	25
15.	PROHIBITION ON CREDIT GAMBLING.....	26
16.	LIMITS ON ATMS IN CLOSE PROXIMITY TO A GAMBLING VENUE ..	26
17.	RESTRICTIONS ON NOTE ACCEPTORS, SLOWING OF REEL SPIN SPEEDS, REDUCTION OF MAXIMUM BET.....	27
18.	CASHLESS (CARD BASED SYSTEMS) AND PRE-COMMITMENT MECHANISMS.....	29
19.	REDUCTION OF MAXIMUM PERMISSIBLE WIN	31
20.	TRAINING.....	32
21.	OTHER CHANGES TO INFLUENCE RATE OF PLAY AND RATE OF LOSS.	33
22.	LARGE PAYOUTS AND FORCED PAYOUTS	34
	(a) Requirement for human intervention in “large” payouts.....	34
	(b) Forced payout by cheque when “large” amounts of credit are accumulated and then payment only by cheque.....	34
23.	CONTROLS ON ADVERTISING	36
24.	CONTROLS OVER PLAYER REWARD SCHEMES.....	37
25.	PROMOTIONS AND GAMBLING INDUCEMENTS	37
26.	CONTROLS ON GAMING MACHINE ARTWORK.....	37
27.	ELIMINATION OF “DOUBLE-UP” AND OTHER GAMBLE FEATURES	38
28.	REMOVAL OF VISUAL AND SOUND STIMULI AND ‘WIN CELEBRATION’	39

29.	NATURAL LIGHTING AND PATRON VISIBILITY	39
a)	Natural lighting.....	39
b)	Making gambling patrons visible from outside the venue	40
30.	“CASH-BACK” TERMINALS	40
31.	TICKET OUT TICKET IN (TOTI) TECHNOLOGY	41
32.	RETAIL SHOPPING CENTRES	42
	ATTACHMENT 1 – GAMBLING HARM MINIMISATION LEGISLATIVE MEASURES	43
	ATTACHMENT 2 – LAB FINAL DETERMINATION – PROPOSAL 7	44
	ATTACHMENT 3 – EXTRACT - CLUBSNSW RESPONSE TO LAB PROVISIONAL DETERMINATIONS (DECEMBER 2000)	45
	ATTACHMENT 4 “DON’T BLAME TATTERSALL’S. IT’S MY FAULT.”BY RICHARD CASTLES - MELBOURNE AGE – OCTOBER 24, 2003.	46
	ATTACHMENT 5 – CLUBSNSW SUBMISSION ON PAYMENT OF PRIZES BY CHEQUE	48
	ATTACHMENT 6 EXTRACT FROM REPORT ON GAMING MACHINE VISIBILITY IN CLUBS CONDUCTED IN NOVEMBER 2000.....	51
	ATTACHMENT 7 – “CASH BACK” TERMINALS	53

EXECUTIVE SUMMARY

Playing gaming machines has been an important component of the entertainment package offered by clubs for the past 50 years. The revenue generated by gaming machines has provided the platform for the Club Movement to grow to what it is today.

The sustainability of the social infrastructure and community support provided by clubs and indeed the maintenance of existing club facilities is very much tied to anticipated revenue in future years.

The not for profit nature of clubs and restricted entry requirements distinguish clubs from other venues that offer gambling.

However, the problems caused by excessive gambling have been brought into sharp focus in the last few years and the Club Movement has reacted well to the harm caused to a small number of gamblers from excessive gambling.

In response to this problem, ClubsNSW has put in place its ClubSafe responsible gambling program with a current membership of over 1,000 clubs. There are also other programs such as BetSafe with a significant number of clubs as members.

The Government responded with a significant legislative package directed mainly at the design, supply and operating environment of clubs and hotels. Details can be found in Attachment 1.

In ClubsNSW's view, Government should be fully cognisant of two crucial issues before setting responsible gambling policy. Firstly, the efficacy of the problem gambling measures must wherever possible be tested through research. Secondly, before any measures are introduced, the economic and social impact must be fully assessed.

It is our view that the majority of problem gambling legislative measures were introduced without suitable or sufficient research or evidence to support their value.

From our observations, the process being undertaken in this inquiry may also suffer from a heavy reliance on stakeholders views rather than credible research on what actually works to mitigate problem gambling in the context of Club Movement sustainability.

This submission provides comment on all of the measures listed in Table 1 of the 'Issues Paper'. It is ClubsNSW's view that there are many measures currently in place which are not, on balance, of any proven value.

Given the extent of legislation already enacted, ClubsNSW requests that the introduction of further measures directed at the operational environment and the gaming machines themselves is not progressed until proper research and impact assessment is conducted.

In an effort to put into perspective the many subjective opinions in this on-going debate it is worth noting the views of problem gamblers who have gone public. An example of this recently appeared in the Melbourne Age - "Don't blame Tattersall's. It's my fault." - by Richard Castles (Attachment 4).

Clearly this is only one view and only one aspect of the problem gambling issue.

Another aspect is the role of counselling and treatment services.

ClubsNSW believes that the identification, counselling and treatment of problem gamblers are keys to the future development of the harm minimisation process.

It will require significant research effort to develop treatment processes and provision of structured facilities that are readily accessible to problem gamblers and their families.

ClubsNSW and individual clubs have already demonstrated their willingness to participate in this approach through support for the Millenium Foundation at Westmead Hospital.

In our view, this approach is the most suitable and perhaps the only way of directing resources to where they are most required in order to achieve the maximum impact in dealing with problem gambling.

SUMMARY OF CLUBSNSW POSITION

Table 1 of the Issues Paper accompanying the Terms of Reference identified a number of harm minimisation measures and requested input on these measures. The following is a summary of ClubsNSW's position on each of these measures. In the main body of this submission some of the individual measures are combined under one heading and the bracketed number (e.g. [5]) in this Executive Summary refer to the relevant heading number in the Table of Contents.

1. COMPULSORY SHUT-DOWN OF GAMBLING VENUES. [1]

In our view there is no evidence to indicate that this has been an effective harm minimisation measure, while it has caused economic difficulties for clubs and impacted on employment. This measure should be removed.

2. BAN ON SMOKING IN GAMBLING VENUES [2]

The issue of Environmental Tobacco Smoke and its impact on non-smokers and employees is currently being addressed. The Government has announced the establishment of a working party to review the prohibition of smoking in clubs and hotels. It is our view that this is the appropriate forum for consideration of smoking in clubs.

3. PERIODIC SHUT-DOWN OF INDIVIDUAL MACHINES. [3]

The Liquor Administration Board rejected this measure in its "First Determination". It is our view that the considerations leading to this decision remain valid and support the rejection of this measure.

4. PERIODIC INFORMATION MESSAGES TO GAMBLERS USING GAMING MACHINES. [4]

ClubsNSW supports practical measures implemented in a sensible manner that lead to players being better informed. However, any implementation of this measure must take into account the ability to assist problem gamblers while not detracting from the entertainment of non-problem gamblers.

5. RESTRICTIONS ON ALCOHOL SERVICE OR CONSUMPTION BY GAMBLERS. [5]

The introduction of service or consumption rules by means of legislation that discriminates on the basis of whether a patron is a gambler is opposed. It is our view that this matter is adequately addressed through the legislated requirements dealing with Responsible Service of Alcohol.

6. PERFORMANCE OF SELF-EXCLUSION SCHEMES. [6]

ClubsNSW supports self-exclusion, however, it is our view that self-exclusion is a tool to be used in conjunction with counselling. The primary emphasis should be on counselling and treatment rather than the use of self-exclusion as a “standalone” measure.

7. REQUIREMENTS TO DISPLAY CERTAIN SIGNAGE. [7]

ClubsNSW supports the use of effective signage but requests that the extent of current signage requirements be reviewed with a view to reducing the overall number of signs.

8. DISPLAY OF CLOCKS IN GAMING MACHINE AREAS. [8]

The mandatory imposition of clocks is opposed. It is our view that there is no evidence to support this as an effective measure.

9. INFORMATION BROCHURES IN GAMBLING VENUES. [9]

ClubsNSW supports the principle of informed consent as it applies to gambling in clubs and raises no objections to this measure.

10. INFORMATION ON BETTING TICKETS, LOTTERY AND KENO ENTRY FORMS. [10]

ClubsNSW raises no objections to this measure. However, it is noted that practical considerations about the volume of information that can be reasonably accommodated on a gaming machine ticket may be an issue.

11. ROLE OF COMMUNITY SERVICES, INCLUDING GAMBLING COUNSELLING SERVICES. [11]

ClubsNSW strongly supports the need for effective and accessible counselling and treatment services and the use of practical methods to put problem gamblers into contact with such services.

12. COMPULSORY DISPLAY OF PAYOUT RATIOS AND PROBABILITY OF WINNING SPECIFIC PRIZES, DISPLAY OF MONETARY VALUE OF CREDITS, BETS AND WINS [12]

ClubsNSW supports the provision of useful information within the context of “informed consent” and “consumer protection” and raises no objections to this measure.

13. INFORMATION FOR INDIVIDUAL PLAYERS ON THEIR GAMBLING SESSION. [13]

ClubsNSW supports the principles of “informed consent” and “consumer protection” and on this basis raises no objections to this measure.

However, ClubsNSW is of the view that the already mandated measure involving Player Activity Statements, which can be regarded as a particular variation of 'gambling session information', has proved to be ineffective as a measure that assists problem gamblers and believes that this requirement should not be mandated by legislation.

14. CHEQUES

a) REQUIREMENT FOR LARGE PAYOUTS NOT TO BE IN CASH [14a]

It is our view that the requirement to pay prizes by cheque should be reviewed with a view to implementing the same requirements as those applying at Star City Casino.

b) CHEQUE CASHING [14b]

Based on application to the Liquor Administration Board, the existing legislation provides for some exemptions from the rules governing cheque cashing in non-metropolitan areas. It is our view that there are legitimate cases involving similar considerations in metropolitan areas. ClubsNSW requests that the ability to apply to the Liquor Administration Board for exemptions be introduced for clubs located in metropolitan areas.

15. PROHIBITION ON PROVIDING CREDIT FOR GAMBLING. [15]

ClubsNSW supports this prohibition and believes it should be applied to all forms of gambling including internet gambling.

16. REQUIREMENT TO LOCATE ATMS AWAY FROM GAMBLING AREAS. [16]

ClubsNSW raises no objections to this measure.

17. RESTRICTIONS ON NOTE ACCEPTORS. [17]

This measure is not supported. There is evidence to indicate it is not effective as a measure against problem gambling while it will cause significant adverse economic consequences.

18. LOWER LIMIT ON MAXIMUM BETS ON GAMING MACHINES. [17]

This measure is not supported as there is evidence to indicate that, on balance, it is not effective while causing adverse economic consequences.

19. CASHLESS ("SMARTCARD") SYSTEMS AND PRE-COMMITMENT. [18]

ClubsNSW does not support the mandatory use of "smartcard" systems and believes that restrictions on existing systems should be reviewed.

20. RESTRICTIONS ON DAILY CASH LIMIT IN ATMS CLOSE TO GAMBLING VENUES. [16]

ClubsNSW does not support the principle of restricting cash withdrawal limits, by means of legislation, based on proximity to venues and believes that it is not a fair or effective measure.

21. REDUCING THE MAXIMUM PERMISSIBLE WIN. [19]

ClubsNSW understands that there is no evidence to suggest this is an effective measure and does not support its introduction.

22. FURTHER POSSIBLE CHANGES TO AFFECT THE RATE OF LOSS OR PLAY PER HOUR. [21]

ClubsNSW does not support this measure. Existing evidence has shown that "rate of play" reduction strategies are not effective and have adverse economic consequences.

23. FORCED PAYMENT OF WINS WHEN CERTAIN LEVEL IS REACHED AND PAYMENT THEN ONLY BY CHEQUE. [22b]

ClubsNSW does not support this measure. It is our view that there is no evidence to suggest it is as an effective harm minimisation, would result in more adverse impacts on non-problem gamblers as well as introducing fairness issues.

24. CONTROLS ON ADVERTISING. [23]

ClubsNSW believes that the existing legislation needs to be reviewed in order to address some practical difficulties. Additionally, ClubsNSW requests a consistent application of advertising controls across all forms of gambling.

25. CONTROLS OVER PLAYER REWARD SCHEMES. [24]

It is our view that the type of player reward schemes typically found in clubs do not encourage problem gambling and there is no evidence to suggest that moderate amounts of cash as rewards exacerbate problem gambling. ClubsNSW requests that existing restrictions be reviewed.

26. RESTRICTIONS ON PROMOTIONS AND OTHER INDUCEMENTS TO GAMBLE. [25]

ClubsNSW supports the prohibition on free or discounted liquor and free credits used as inducements to gamble.

27. CONTROLS ON GAMING MACHINE ARTWORK. [26]

ClubsNSW does not support this measure. To the best of our knowledge there is no evidence to indicate that artwork exacerbates problem gambling and there are concerns about the ability to develop and apply objective standards to such a subjective area.

28. POSSIBLE ELIMINATION OF DOUBLE UP AND OTHER SIMILAR GAMBLE FEATURES. [27]

ClubsNSW does not support this measure. To the best of our knowledge, there is no evidence to suggest that the double up feature causes or exacerbates problem gambling.

29. AVAILABILITY OF ALCOHOL AND OTHER REFRESHMENTS TO GAMBLERS. [5]

The introduction of service or consumption rules by means of legislation that discriminates on the basis of whether a patron is a gambler is opposed. It is our view that this matter is adequately addressed through the legislated requirements dealing with Responsible Service of Alcohol.

30. REQUIREMENT FOR GAMBLING OPERATORS TO ENTER INTO AGREEMENT WITH COUNSELLING SERVICES. [11]

ClubsNSW supports the effective channelling of identified problem gamblers into counselling and treatment services.

31. TRAINING OF STAFF IN GAMING MACHINE VENUES. [20]

Effective staff training is supported but any legislated measures requiring staff to proactively identify problem gamblers is viewed as problematic and not supported.

32. SLOWER REEL SPEEDS.[17]

This measure is not supported as there is evidence to indicate it is not effective while there are significant adverse economic consequences.

33. REMOVAL OF VISUAL AND SOUND STIMULI. [28]

This measure is not supported. There is no known evidence to suggest that visual and sound stimuli exacerbate problem gambling while their removal would almost certainly detract from the enjoyment of non-problem gamblers.

34. REQUIREMENT FOR HUMAN INTERVENTION IN LARGE PAYOUTS. [22a]

The principle of having human intervention in a payout procedure once a certain level of payout is reached is supported. However, there is a need to rationalise the variety of levels that now apply.

35. REQUIREMENT FOR NATURAL LIGHT IN GAMBLING VENUES. [29a]

ClubsNSW opposes this measure on the basis that there is no evidence to suggest it would be effective, the cost to venues can be prohibitive or in some cases it may be impossible for a club to achieve compliance.

36. REQUIREMENT FOR GAMBLING PATRONS TO BE VISIBLE TO PEOPLE OUTSIDE THE GAMBLING VENUE. [29b]

ClubsNSW opposes this measure on the basis that there is no evidence to suggest it would be effective the cost to venues can be prohibitive or in some cases it may be impossible for a club to achieve compliance.

37. THE IMPACT OF MUSIC BEING PLAYED AND DISPLAY OF LIGHTS WHEN A WIN TAKES PLACE. [28]

This measure is not supported as there is no known evidence to suggest that music and lights cause or exacerbate problem gambling while their removal would almost certainly detract from the enjoyment of non-problem gamblers.

38. CASH BACK TERMINALS. [30]

ClubsNSW believes that there are no harm minimisation issues associated with this technology and support its introduction into clubs.

39. TICKET OUT TICKET IN (TOTI). [31]

ClubsNSW believes that there are no harm minimisation issues associated with this technology and support its introduction into clubs.

40. RETAIL SHOPPING CENTRES. [32]

ClubsNSW supports the restrictions now in place regarding gaming machines in retail shopping centres. However, in our view, the legislation has introduced some unintended consequences that need to be addressed.

BACKGROUND

The Minister for Gaming and Racing, the Hon. Grant McBride MP foreshadowed a review of gambling harm minimisation measures soon after taking office in March 2003.

The Independent Pricing and Regulatory Tribunal (IPART) was selected to conduct the review and in late September 2003 issued "Invitations for Submissions" together with terms of reference.

Importantly, the terms of reference state that:

"Submissions should particularly emphasise:

- existing empirical evidence
- research in progress."

Given the importance of this review to both problem gamblers and clubs, it is disappointing the terms of reference do not specifically direct that high quality, independent and thorough research of all harm minimisation measures be undertaken.

Instead, the terms of reference direct IPART to "...commission additional studies, if appropriate, within the budget allocated". It is our view that the timeframe permitted and the terms of reference preclude proper research and that significant reliance will be placed on the arguments put forward - in many cases unsubstantiated - in the various submissions received rather than independently commissioned research.

ClubsNSW as part of the Gaming Industry Operators Group (GIO), has undertaken extensive research into some of the harm minimisation measures. Details and the results of this research together with previous GIO submissions, are made available in a separate submission presented by the GIO.

This submission will draw on the GIO submission supplemented by empirical evidence and anecdotal feedback from member clubs regarding the measures that have been implemented. It will show that although there is no substantial research or empirical evidence to support the efficacy of many of the harm minimisation measures, there are significant economic and operational costs suffered or by clubs and the community.

The extent of legislated harm minimisation measures introduced in New South Wales is by any measure significant. Attachment 1 outlines the legislative initiatives that have been introduced by the New South Wales Government to date for gambling harm minimisation purposes.

In general terms this submission follows the order of and addresses those matters in Table 1 of the IPART Issues Paper.

The terms of reference indicate that some of the harm minimisation measures introduced and listed in Attachment 1 are "core Government policies" and not subject to review.

However it is our view that there is scope for providing constructive input without undermining the intention of the legislation or the review and consequently item 40 in the Table of Contents has been included.

This submission also introduces two issues (38,39 in the Table of Contents) not specifically identified in the terms of reference but which we believe should be considered in the review for reasons outlined in the submission body.

DETAILED RESPONSE TO PROLEM GAMBLING MEASURES

1. COMPULSORY GAMING MACHINE SHUTDOWN - 24 HOUR TRADING

ClubsNSW contends that a cessation of gaming for 3 or 6 hours has had no impact on problem gambling and requests that this measure be abolished. ClubsNSW's position is that clubs be allowed to trade 24 hours if they wish to do so.

While gambling in clubs has been restricted no such restrictions have been imposed on other forms of gambling that involve poker machines or simulations of poker machines such as Star City Casino or the internet.

In a recent editorial article in the Sydney Morning Herald (13/11/03) it was stated that "...The casino rejects the charge that its coffers benefit from pub and club patrons during the shutdown hours, but it seems more likely there is some crossover of patrons." That is, when one venue closes patrons can and do migrate to a venue or service that is not closed.

Under the Registered Clubs Act 1976, clubs have the ability to offer their facilities to members and patrons on a 24 hour basis. This privilege acknowledges the diverse range of member needs, lifestyles and requirements.

Clubs in the City of Sydney, its suburbs and the primary regional centres of Wollongong, Newcastle, Tweed Heads and Queanbeyan have developed (as industrial and population demographics have developed) over many years into 24 hours a day, 7 days per week operations. This has come about as work and social habits have undergone enormous change.

Examples of the types of occupations operating on 24 hours 7 day a week basis can be found in hotels, hospitals, media production, bakeries, foundries, supermarkets, steelworks, refineries, airport maintenance, baggage and maintenance workers, waterside workers, mines, petrol stations, fast food, banking and finance, call centres, security companies, police, cleaners, ambulance and fire officers, road maintenance, public utilities (gas, electricity and water), information technology, public transport (buses, taxis, water taxis), road transport (deliveries, logistics, cargo, furniture).

By the sheer nature of their industry and occupation, people employed in these (and other) industries live a different life to those who enjoy more traditional working hours.

Their time available is vastly different to the "norm" and as such frequent 24 hour clubs as a natural consequence of their available free time.

It is legitimate to ask why these people, (many of whom are members of clubs), should be treated differently or in fact "punished" because they work different hours.

While some sections of the community would appear to want time compartmentalised into clearly defined slots associated with clearly defined activities for each slot, the reality is that this no longer represents a sustainable view.

There are examples of clubs that close for more than six hours every day but because of the manner in which the legislation is written cannot turn their machines on before 9am even though this represents an important trading period for them. An example of this are bowling clubs that may wish to run competitions commencing at an earlier time.

It is important to review the evidence regarding the impact of this measure on problem gambling.

The Productivity Commission found that the greatest effect of a mandatory shutdown would be on a recreational gambler. In its report, The Productivity Commission stated that:

“...restrictions on opening time would probably have few significant positive social effects, unless made draconian by current standards. Most problem gamblers do not gamble every day of the week, nor for extremely long hours. Controlling hours of opening- say to 6 days a week for 18 hours a day- would probably lead to some minor re-arrangement of the scheduling of gambling, without significant cuts in expenditure or total time played. Problem gamblers are more likely to still play, even at a marginally more inconvenient time, because they are unresponsive to price (either in a dollar form or as an intangible cost). Recreational gamblers, on the other hand, would have their recreational options circumscribed.”

(Productivity Commission, Australia’s Gambling Industries, at 16.53)

Indeed shutdown could exacerbate the potential for harm to problem gamblers. The mechanisms at work may be gleaned from the way in which patrons used to deal with 6 o’clock closing. The ‘6 o’clock swill’ as it became known could be mirrored in the circumstances created by a mandatory break in gaming play. That is, patrons bet above their normal limits leading up to closure in order to spend as much as possible before the machines are turned off.

There is anecdotal evidence of adverse impacts on members of clubs located in areas where there is a significant population of shift workers. The imposition of this measure has restricted the availability of club facilities for these workers and impacted on the revenue of the club with no evidence to suggest that the issue of problem gambling has been addressed.

The implication for clubs goes beyond the lost opportunity for revenue. The imposition of the shutdown for these clubs means that there is less opportunity for gainfully employing staff and the consequences of this are significant for the club and the community.

In the past ClubsNSW has approached Government with suggestions on how 24 hour trading could be re-introduced to those clubs with a demand from their patrons to trade 24 hours.

2. SMOKING BANS

It is our view that banning smoking in gaming areas is a matter that should be addressed within the framework of Environmental Tobacco Smoke and its effect on non-smoking patrons and employees.

It is our understanding that the issue of smoking addiction and gambling addiction is complex and at this time there is no evidence to suggest that banning smoking will necessarily modify any problem gambling behaviour of a patron.

The Minister Assisting the Minister for Health, Mr Frank Sartor, recently announced the convening of an industry group to work beyond the measures already in place. The group will have industry representation from the Australian Hotels Association, ClubsNSW, the Restaurant and Caterers Association, the New South Wales Labor Council, the New South Wales Liquor; Hospitality and Miscellaneous Workers Union, Star City Casino as well as representation from appropriate government and health agencies and the Cancer Institute of New South Wales.

It is our view that this group is best placed to determine appropriate policy on smoking which is regarded by most authorities as an Environmental Tobacco Smoke health issue.

Two separate groups considering the same issue, albeit for different reasons, has the potential to create duplication of work and can result in conflicting recommendations as well as conflicting requirements, confusion and cost for clubs.

Given that smoking is predominantly a health issue ClubsNSW suggests consideration of smoking in the context of problem gambling should be deferred until the recommendations from the industry working group are known and can be properly assessed in relation to smoking within gaming machine areas.

3. PERIODIC SHUTDOWN OF INDIVIDUAL GAMING MACHINES

ClubsNSW opposes this measure.

After careful consideration the concept of individual machine shutdown as a gambling harm minimisation measure was rejected by the Liquor Administration Board (LAB). It is our view that the arguments put forward at the time and the conclusions reached by the LAB are still valid.

The proposal for shutting down individual gaming machines was canvassed by the LAB in its Review of the Technical Standards for Gaming Machines and Subsidiary Equipment in New South Wales. The LAB conclusion can be found in its First Determination dated April 2001 and is reproduced in Attachment 2.

These arguments are not reproduced here but can be found in the Provisional and First Determination documents of the LAB as well as the GIO submission on the proposed Technical Standards dated 15 December 2000. If this information is not readily available, ClubsNSW would be pleased to make it available.

4. PERIODIC INFORMATION MESSAGES

ClubsNSW supports practical measures implemented in a sensible manner that lead to players being better informed. However, any implementation of this measure must take into account the ability to assist problem gamblers while not detracting from the entertainment of non-problem gamblers.

ClubsNSW is aware of research commissioned by the Casino Community Benefit Fund into "information messages" on gaming machine screens. Although the results of this research are not known to ClubsNSW there appeared to be serious deficiencies with the testing methodology.

ClubsNSW supported the GIO in its submission to the LAB dated 15 December 2000.

However, ClubsNSW did not and does not support enforced breaks in play as part of any implementation involving periodic information display. The reasons for this are closely related to a proposal to 'shutdown' individual gaming machines which is addressed in item 3 above.

The GIO originally proposed the following principles relating to information messages:

- "Pull Through" messages to scroll across the screen every 30 minutes.
- "Pull Through" Harm Minimisation message to scroll across screen whenever \$100 is inserted.
- "Pull Through" Harm Minimisation Message to scroll across the screen whenever proposed new \$500 'Cash Input Limit' is reached.

ClubsNSW believes that this represents a fair balance between informed consent and the need to ensure that any measure does unduly detract from the enjoyment and entertainment of non-problem gamblers and result in adverse economic impact on the club.

5. RESTRICTIONS ON ALCOHOL CONSUMPTION AND SERVICE.

The introduction of service or consumption rules by means of legislation that discriminates on the basis of whether a patron is a gambler is opposed. It is our view that this matter is adequately addressed through the legislated requirements dealing with Responsible Service of Alcohol.

The Gaming Machine Regulations 2002, clause 48, specifically prohibit a club or hotel to "offer or supply any free or discounted liquor as an inducement to play, or to play frequently, approved gaming machines in the hotel or club.". ClubsNSW supports this prohibition.

Furthermore, clubs and hotels are governed by legislation that requires adherence to the principles of responsible service of alcohol (RSA).

In its execution this proposed measure appears to involve some form of distinction between patrons in a gaming machine area as opposed to patrons in non-gaming machine areas.

If this is the case then staff would be required to refuse or restrict service while a person is in a gaming machine area but permit "normal" service when the person is outside of the gaming machine area. Alternatively, it could mean that a different measure of "intoxicated" is used for a gaming machine area as opposed to a non-gaming machine area.

Clearly staff serving alcohol are trained in the principles of RSA and should not serve persons who are intoxicated.

It is our view that legislation should not be used to discriminate between patrons in this way. Alcohol service principles should be left to each club to determine since each club is different and has different considerations applying. For some clubs it may be extremely difficult if not impossible to comply with such a requirement.

6. SELF EXCLUSION SCHEMES

ClubsNSW supports self-exclusion however it is our view that self-exclusion is a tool to be used in conjunction with counselling. The primary emphasis should be on counselling and treatment rather than the use of self-exclusion as a "standalone" measure.

Self-exclusion is implemented in the ClubsNSW ClubSafe responsible gambling program because it has been recognised as an important tool that can be used in the treatment of problem gamblers.

7. REQUIREMENTS TO DISPLAY CERTAIN SIGNAGE AND GENERAL ADVERTISEMENTS HIGHLIGHTING PROBLEM GAMBLING.

ClubsNSW supports the use of effective signage and fully supports the principle of informed consent but requests that the extent of the current requirements be reviewed with a view to reducing the overall number of signs.

The extent and proliferation of compulsory signage has made management of signage difficult for many clubs. It should be recalled that gaming machine-related signage represents only one area where compulsory signage is required. Other requirements include responsible service of alcohol, smoking and entry restrictions to clubs.

It is our conclusion that each of these compulsory signage requirements has evolved independently with no overall consideration of the ability to manage the requirements or the effectiveness of the signage on patrons.

Patrons are now confronted by a bewildering array and variety of signs when they walk into a club and the question must be asked if the original objective is actually being achieved or whether some rationalisation can take place while still achieving the desired goal.

The review requested should take into account any available research on the effectiveness of existing signage and possible developments in relation to the use of the gaming machine screen for displaying information to patrons.

8. CLOCKS IN GAMING AREAS

The mandatory imposition of clocks is opposed. It is our view that there is no evidence to support this as an effective measure.

The imposition of this measure appears to have been based on a view that clubs create a 'Las Vegas' style environment where players lose track of time because of the 'environment'. It seems that clocks were introduced to counteract this effect without research into the effectiveness.

Additionally, it appears that there was no consideration given to the fact that most people have access to time by means of wrist watches or mobile phones and that clubs in NSW are not comparable to Las Vegas casinos in terms of their environment.

9. INFORMATION BROCHURES

ClubsNSW supports the principle of informed consent as it applies to gambling in clubs and raises no objections to this measure.

10. INFORMATION ON BETTING TICKETS

ClubsNSW raises no objections to this measure. However it is noted that practical considerations about the volume of information that can be reasonably accommodated on a gaming machine ticket may be an issue.

The size of a gaming machine ticket is governed to a large extent by technology, while the legislation independently prescribes information that must be accommodated for operational and integrity reasons. Harm minimisation information is additional to the already required information and as such it is our view that a sensible balance must be struck between the above constraints.

11. ROLE OF COMMUNITY SERVICES, INCLUDING GAMBLING COUNSELLING SERVICES

ClubsNSW strongly supports the need for effective and accessible counselling and treatment services and the use of practical methods to put problem gamblers into contact with such services.

It is our view that effective diagnosis and effective and efficient treatment of problem gamblers is a critical, if not the most critical component, in the overall strategy of dealing with problem gambling.

Experts indicate that problem gambling is very often associated with other problems and it is important to accurately diagnose all contributing factors to ensure effective treatment. That is, the diagnosis and treatment of a problem gambler requires considerable expertise which goes beyond an approach whose principal focus is the gaming machine and the gaming machine environment.

In terms of legislative response from Government, the focus has clearly been on the gaming environment and gaming machines. Details of the legislation enacted to date can be found in Attachment 1.

The vast majority of the legislative initiatives relate to the design, presentation and operation of the product rather than the diagnosis and treatment of problem gamblers. The treatment of problem gamblers is addressed in an indirect manner by requiring clubs to form links with counselling services and this requirement is supported.

Some appreciation of the performance of counselling services can be gained from a report commissioned by the Casino Community Benefit Fund (CCBF) Trustees – “Sixth Survey, December 2002 – Final Report - Problem Gamblers Receiving Counselling and Treatment in New South Wales”.

The principal purpose of the report appears to be one of ascertaining the capacity of problem gambling counselling services receiving CCBF funding to cope with demand. The report effectively concludes that overall, the service level meets demand but cautions that the distribution of services may not be appropriate. That is, individual regions may be in need of additional services.

However, the CCBF report also appears to indicate that the clinical approach and methodology used by many of the counselling services is questionable. Approximately one third of counsellors interviewed “provide treatment for problem gambling according to a manual of treatment”. It is assumed that the remaining two thirds do not.

Another issue identified is that of follow up after treatment where approximately one third of counsellors do not implement a follow up regime.

It is our conclusion that while counselling services are no doubt well intentioned, there appears to be a lack of structure in the treatment of problem gamblers and that more research into effective treatment and education of counsellors is required.

The GIO in its submission of 8 June 2001 (pp 19-21) to the Liquor Administration Board provided comment on the treatment of problem gamblers which we believe is relevant to this discussion.

ClubsNSW and individual clubs have supported initiatives such as the Millennium Foundation which seeks to establish an integrated research and treatment centre for problem gamblers located at Westmead Hospital.

It is our view that this type of facility - with capacity to perform research as well as treatment - is extremely important and an example of a measure that has not been adequately exploited as part of the problem gambling measures introduced by Government to date.

One of the issues for clubs, as for all society, is to objectively ascertain the extent and trend in relation to the incidence or prevalence of problem gambling. This is a matter of concern since clubs have had access to gaming machines for approximately fifty years with no reliable evidence to indicate the impact of various gaming machine developments and harm minimisation measures on problem gambling in New South Wales over these years.

The first prevalence measure of problem gambling based on an Australia wide sample was undertaken by the Productivity Commission in 1999. It was determined that "about 1% of the adult population are estimated to have severe problems with gambling and a further 1.1% are estimated to have moderate problems which may not require treatment but warrant policy concern" i.e. a total of approximately 2.1%. (Productivity Commission 1999, Vol 1, p2)

In the last four years there has been a significant legislative response (see Attachment 1) directed at addressing problem gambling which has also been matched by increased media and public scrutiny of poker machine gambling. The important question for clubs is whether these legislative measures have been appropriate and effective in reducing problem gambling.

The CCBF report would seem to be a suitable mechanism for collecting the necessary data. In principle, it appears capable of gathering timely statistics relating to the prevalence of problem gambling, causes of problem gambling, effectiveness of treatment and various other indicators that could be used to assess the treatment and counselling aspects of problem gambling.

Unfortunately the CCBF report does not measure the prevalence of problem gambling directly and in our view this statistic cannot be inferred from the report.

As outlined, significant legislative measures have been put in place in an attempt to create a safety net for problem gamblers.

The majority of the legislated harm minimisation measures were introduced without suitable research or evidence and only now is their effectiveness being examined.

It is our view that an extensive legislative safety net has been constructed in relation to the design, supply and operation of gaming machines.

While ClubsNSW does not wish to diminish the role and responsibility of clubs as providers of gambling services we believe that an area still requiring significant attention is that of problem gambling counselling and treatment services.

It is our view that this area is crucial in addressing problem gambling and requires more attention in terms of research, development of proven treatment methods, their application and monitoring of effectiveness.

12. COMPULSORY DISPLAY OF PAYOUT RATIOS AND PROBABILITY OF WINNING SPECIFIC PRIZES, CREDIT, BET AND WINS IN MONETARY VALUES AND PLAYER INFORMATION DISPLAYS.

ClubsNSW supports the provision of useful information within the context of "informed consent" and "consumer protection" and raises no objections to this measure.

The particular measures mentioned - display of payout ratios, probability of winning specific prizes and display of credit, bet and wins in monetary terms - have been the subject of comment in the GIO submissions of June 2000 (pp 22-23) and December 2000 (pp 30-32) and in our view these comments are still applicable.

13. PLAYER SESSION INFORMATION AND PLAYER ACTIVITY STATEMENTS

ClubsNSW supports the principles of 'informed consent' and 'consumer protection' and on this basis raises no objections to this measure.

However, ClubsNSW is of the view that the already mandated measure involving Player Activity Statements has proved to be ineffective as a measure that assists problem gamblers and believes that this requirement should not be mandated by legislation.

Player Session Information has been canvassed in previous submissions and the GIO submission of December 2000 (section 8.3) made comment on this proposal.

In relation to 'session information' as with many other measures there is no clear evidence to date that would assist in determining whether this is an effective harm minimisation measure. It is understood that Victoria has recently introduced such a requirement but to the best of our knowledge there has been no study to gauge its effectiveness as a harm minimisation measure.

It can be argued that a harm minimisation measure based on similar principles has existed in NSW for some time.

Since 2 October 2002 legislation has required clubs to produce and store Player Activity Statements with details of amounts won and lost over a one month period, together with daily session information. Implementation of this measure required club data systems to be upgraded at substantial cost to clubs. Further costs and complications were incurred as a result of a requirement to store extensive amounts of data for three years. A club must be capable of reproducing a Player Activity Statement for any recorded person in the last three years. This measure was also supported by a legislated requirement to advertise the availability of Player Activity Statements.

Despite what may have been a well intentioned harm minimisation measure the feedback from clubs is that the usage is zero or at best negligible.

In the case of Player Activity Statements it is our view the imposition of this measure has not achieved its goal while it has introduced significant and ongoing expense to clubs without any measurable impact on problem gamblers. This requirement should be reviewed with a view to removing it.

If a decision is made to proceed with a requirement for individual gaming machines to record session activity, then it is our view the legislated requirement to produce and store monthly Player Activity Statements should be removed.

14. CHEQUES

a) Large payout by cheque

It is our view that the requirement to pay prizes by cheque should be reviewed with a view to implementing the same requirements as those applying at Star City Casino.

ClubsNSW has provided submissions on this requirement in the past and the most recent submission can be found in Attachment 5.

In summary the most relevant points made in the submission are:

1. Quantity of cheques generated, administrative cost and security.
2. The decline of cheques as a method payment (except in clubs).
3. Efficacy as a harm minimisation measure and unintended and adverse consequences.
4. Different implementation rules for different venues and jurisdictions.
5. Player preference.

The submission concluded that:

Although it is understood the 'prize payment by cheque' legislation was primarily introduced for gambling harm minimisation reasons there are clearly widely differing views as to its application. Differences apply even between venues located within the same jurisdiction.

Most recently clubs have been the subject of money laundering accusations (Sydney Morning Herald, 23 October 2003 – Geesche Jacobsen). The article describes the method used as follows:

Under the alleged scam, money launderers approach gamblers after a big win on the clubs' gaming machines and offer them cash on the spot. This avoids the gambler's wait for the club to issue a cheque for the winnings, as required for more than \$1000".

What is omitted is the simple fact that there is no monetary gain for a club if it were to encourage or undertake such activity. In fact, the consequences are negative as can be seen from the press coverage.

Clearly the motivations here are the desire of one party to acquire a club cheque, presumably for laundering purposes, and the other party to be paid by means of cash rather than cheque.

It is our view that the legal requirement to pay wins over \$1,000 by cheque has created a regime where it is widely known that clubs must issue cheques, whereas prior to this legislation clubs had an option of paying by cash or cheque. Persons wishing to obtain club cheques know there is a legal requirement on the club to routinely pay by cheque in the name of the 'winner' and are therefore encouraged to exploit this requirement.

An additional factor to consider is that legislation also requires clubs to focus on paying prize-winners within a set time-frame (48 hours) rather than withholding prize payment because they are 'suspicious' of some 'activity' – that is, the legislation is framed to ensure that the prize is paid and paid quickly.

Of course, critics might claim that clubs should be aware of such 'suspicious activity', but the reality is that it is almost impossible to continuously monitor every gaming machine and the activity of persons around it, particularly if no theft or misappropriation of money is indicated.

In view of the arguments presented, most importantly the doubt about the efficacy of this measure and the associated costs to clubs, ClubsNSW would request that consideration be given to amending the legislation in order to apply the same requirements as those applying at Star City Casino.

b) Cheque cashing

Based on application to the Liquor Administration Board, the existing legislation provides for some exemptions from the rules governing cheque cashing in non-metropolitan areas.

It is our view that there are legitimate cases involving similar considerations in metropolitan areas.

ClubsNSW requests that the ability to apply to the Liquor Administration Board for exemptions be introduced for metropolitan areas.

The existing legislation provides for exemptions from the one cheque and \$400 per day limit rule in non-metropolitan areas.

This exemption provision arose because of an identified need in non-metropolitan areas for patrons to cash cheques. An example of such a situation involved country areas where workers were often paid by cheque, late on Friday, and did not have sufficient time to attend a bank or other financial institution to cash the cheque.

There are also situations where the use of cheques is more common among the clientele of a particular club than may otherwise be normal. Examples of this are clubs that have hotel or motel accommodation associated with them. Clubs in such situations cannot obtain exemptions from the cheque cashing rules unless certain conditions apply. Additionally, there is a blanket ban on exemptions for clubs located in the metropolitan area.

It is our understanding that such examples are relatively infrequent, do not have a bearing on problem gambling but do cause significant inconvenience to customers.

In our view there is a legitimate need for exemption or relaxation of the restrictions in these cases.

15. PROHIBITION ON CREDIT GAMBLING

ClubsNSW supports this prohibition and believes it should be applied to all forms of gambling including internet gambling.

The existing legislation prohibits a club from providing credit for the purpose of gambling and it is understood that the technical standards governing the design of poker machines prohibit the electronic linking of gaming machines to financial institutions, thereby completing the loop and removing the ability to directly gamble on credit when playing a poker machine in a club.

16. LIMITS ON ATMS IN CLOSE PROXIMITY TO A GAMBLING VENUE

ClubsNSW does not support the principle of restricting cash withdrawal limits, by means of legislation, based on proximity to venues and believes that it is not a fair or effective measure.

It is our view that the following points are relevant to this discussion:

- In many areas an ATM located at a club provides the only facility of its type in the area and is the only facility located in a safe and secure environment. After normal business hours and at night access and safety are significant concerns and clubs provide a safe and secure location, as opposed to outside "street" locations, at which attacks on customers are not uncommon.
- While problem gamblers are a concern, it is our view that the vast majority of people using ATMs in clubs are not problem gamblers and those ATMs are not used solely for withdrawing cash for poker machine gambling purposes.
- It is understood that ATMs in clubs are installed and configured so as to restrict or prohibit cash withdrawals from credit accounts. That is, cash withdrawals can only be made from debit or cheque accounts. This is a much stricter standard of operation than that found with other forms of gambling which allow transfer of money from credit based bank accounts.

It is our opinion that this represents an area of ATM operation that needs to be considered as a harm minimisation measure rather than setting of arbitrary limits on ATMs "in close proximity to gambling venues".

The current legislation requires ATMs to be located away from gaming machine areas. ClubsNSW raises no objections to this measure.

In our view this is a reasonable requirement providing a sensible balance between the requirements of patrons' needs to access cash for a large variety of purposes and a view by some that locating ATMs in gaming machine areas of clubs causes or exacerbates problem gambling behaviour.

ClubsNSW believes that the proposal to place restrictions on the daily cash limit in ATMs close to gambling venues contains serious flaws in terms of implementation and operation and misses the goal of applying measures that assist the problem gambler while at the same time not inconveniencing the vast majority of persons who are not problem gamblers.

This proposal will result in a policy which creates an artificial distinction between ATMs based on their proximity to a gambling venue.

The proposal cannot discriminate between problem and non-problem gamblers. There will almost certainly be a considerable number of persons who need to use an ATM at or near a club and these persons may never enter or never gamble on poker machines at the particular gaming venue that triggered the ATM demarcation.

It must be asked why a service to people that use these ATMs and are not problem gamblers is restricted? Other considerations that highlight the difficulty with such a policy involve situations where there is a bank equipped with ATMs located within the 'proximity boundary' of a gambling venue? Would such a policy apply to withdrawals across the counter from the same bank? If not, then why? Clearly the ramifications are considerable.

In our view, a policy based on this principle cannot be justified and again loses sight of the fact that ATMs are a modern facility whose use is encouraged and indeed it could be argued 'forced' on customers by financial institutions, and utilised by the population generally of which problem gamblers are a very small proportion.

The issue of limits from ATMs can be resolved if it is accepted that problem gamblers must also take on some responsibility for their behaviour. This is achieved by utilising the services of qualified counsellors and applying the methods and techniques offered by the counsellors and the support available from clubs. The problem gambler could be advised to relinquish all credit and debit cards or to negotiate setting their own limits with the bank or financial institution.

In this way the goals of the suggested measure can be met without impacting on the majority of the community that utilises these facilities and do not have an issue with problem gambling.

17. RESTRICTIONS ON NOTE ACCEPTORS, SLOWING OF REEL SPIN SPEEDS, REDUCTION OF MAXIMUM BET.

This measure is not supported as there is evidence to indicate it is not effective while causing significant adverse economic consequences.

The issue of note acceptor restrictions, slower reel spin speeds and reduction of maximum bet was the subject of a significant research project carried out by Sydney University for the Gaming Industry Operators group (GIO) and is included in the GIO submission. Following the completion of the research the GIO, in its 7 February 2002 submission to the LAB, wrote:

It is, however, evident from the research work that the principal GIO concerns – as expressed in the GIO submission of 8th June 2001 – have been substantiated in virtually all respects by the research work. In particular, Sydney University found evidence that:

- the proposed reconfiguration of bill acceptors to accept denominations of \$20 or less “would be of limited effectiveness in minimizing harm associated with electronic gaming machines”⁴;
- the proposed slowing of reel spin speeds “would not be an effective harm minimisation strategy”, would be “unlikely to reduce problems associated with electronic gaming machines” and “may result in an increase in indirect social/family harm associated with problem gambling for a small proportion of problem gamblers.”⁵
- the proposed reduction of maximum bet from \$10.00 to \$1.00 “potentially might, for a small number of players, reduce both the development and the severity of gambling problems”, subject to:
 - the significant qualification that it is not clear whether players would compensate by playing longer (which could give rise to ‘indirect’ negative consequences referred to above in connection with slowing reel spin) and
 - further research, so this measure ‘may’ prove to be an effective harm minimisation strategy for a very small proportion of players (7.5% of the 20% in the total sample who were found to be problem gamblers⁶ in terms of SOGS scores of 5 and above).
 - In fact, using the Productivity Commission figure of 2.1% of Australian adults being problem gamblers with severe and moderate problems⁷, the Sydney University Research suggests that it is possible that the reduction of maximum bet to \$1.00 ‘may’ help only 0.16 of one percent of the adult population.

4 Sydney University Report p. 9.

5 Sydney University Report p. 9.

6 Sydney University Report p. 10.

7 Productivity Commission Report, Volume 1, p 6.45.

In conjunction with the Sydney University research the Centre for International Economics (CIE) was commissioned to determine the economic impact of these measures. Based on the CIE report, the GIO submission of 7 February 2002 to the LAB noted that:

- The costs associated with the proposed measure, on its own, are estimated by the independent CIE research work, to be likely to reduce club venue revenue in NSW by 17% (ie \$440 million¹²) and hotel venue revenue by 39% (ie \$351 million¹³).

This would be nothing short of catastrophic for many venues and a large number would undoubtedly close as a direct result of the introduction of such a measure.

- The reason for this impact – which amounts to a loss of \$791 million in revenue¹⁴ – is that the introduction of the measure would have a significant negative impact on recreational player satisfaction.

GIO members believe that the vast bulk of the lost revenue would comprise gaming expenditure by recreational players.

12 CIE Report, pp 35-36.

13 CIE Report, p 39.

14 CIE Report, pp 35-36 and p 39.

It is worth noting that the maximum bet of \$10 was introduced in 1988, some 15 years ago. It can be argued that when allowance is made for inflation the \$10 maximum bet of 1988 represents approximately \$5 today. That is the real value has halved and will continue to steadily decline.

ClubsNSW also observes that the choices available to a player in terms of selecting their bet size are considerable. These range from as low as 1c per line to over \$1. The gaming machines installed in clubs allow the player to choose from a very wide selection of bet levels and number of lines with almost 85% of the currently installed machine base in New South Wales represented by 1 cent denomination machines. That is, an informed player has the choice of selecting an appropriate bet level which can be as low as 1 cent per game.

It is our view that these arguments clearly show the overwhelming negative economic impact if these measures were introduced while having almost negligible impact on the issue of addressing problem gambling.

18. CASHLESS (CARD BASED SYSTEMS) AND PRE-COMMITMENT MECHANISMS

ClubsNSW does not support the mandatory use of 'smartcard' systems and believes that restrictions on existing systems should be reviewed.

The terms of reference appear to imply that 'smart cards' are the preferred or only method of achieving a "pre-commitment" for gambling on poker machines.

ClubsNSW believes that this not the case and a number of techniques are potentially available to assist with this type of goal, which is providing assistance to a problem gambler to modify their behaviour.

ClubsNSW is concerned about the introduction of any harm minimisation measure that can potentially result in a large cost for a club without ensuring that it can assist the problem gambler. It is also important that the measure should not unduly impact on the freedom or enjoyment of non-problem gamblers.

In terms of cost it is our understanding that installation of technically comparable systems (data systems) costs around \$1,200 to \$1,500 per machine. That is a club with 150 gaming machines would face a cost in the order of \$180,000 to \$225,000 to purchase and install a system. It is not surprising that from a total of approximately 1,400 clubs with gaming machines only about 400* have installed such systems. (* ClubsNSW estimate)

With this in mind ClubsNSW has reviewed the general operation of card based systems and believes that the following principles should guide any consideration of such systems:

- the use of card-based systems (magnetic stripe, smart card or any other suitable technology) in conjunction with gaming machines should not be mandated. There are many venues that simply cannot afford the cost of such technology. Gaming machine legislation or standards/specifications must allow for cash and/or card and/or other methods of operation;
- while card based systems should incorporate any practical initiatives that can be used to assist problem gamblers, their main purpose should be to act as a means of improving the integrity and efficiency of gaming machine operations in clubs for both the patron, employees and the club;
- limits on amounts held in 'accounts' may apply provided that such limits properly recognise the primary purpose of these systems as outlined in above. A \$200 limit is considered too low and a starting limit significantly higher than this and consistent with other payment amounts and cash transfer mechanisms available should be set.

Higher limits than the minimum specified should be available provided the club can satisfy the LAB regarding the protection of player funds;

- while it is accepted that card based systems will introduce additional responsibility for clubs in relation to protection of player funds, any legislation or guidelines must recognise that patrons using such cards also have responsibilities;
- card based systems can be used to implement player reward/loyalty programs and should not be prohibited from performing such a function;
- provision should be made for card based systems or variations of card based systems to operate on 'anonymous account' principles, that is, players should be able to participate in card based gaming without a requirement to provide ID. In our view, this does not impact on the ability to use such systems to assist with problem gambling.

As an example, a problem gambler who acknowledges that they have a problem they wish to control can request that only a certain amount be loaded to the card. Upon using up this amount the particular card cannot be replenished. This represents a shared responsibility between the club and the patron.

The LAB in its 'First Determination' on this matter stated:

The Board is actively considering the suitability of cashless gaming (perhaps more accurately called card-based gaming) and it's potential to be used for implementation of responsible gambling measures. The Board considers that while the currently proposed package of measures will limit the rate of play, ultimately only a change of behaviour by irresponsible players themselves will be truly effective. Ideally, this change of behaviour would be achieved by such players voluntarily modifying their own dysfunctional and destructive pattern of play.

The Board acknowledges the Industry's view that this technology has a range of potential applications in this regard. It could be used to allow players to set their own limits or to deliver tailored harm minimization messages. It could also be used to impose a limitation on the amount that a player could lose in a period on gaming machines and perhaps in other forms of gambling. These are matters, which require further research, consultation and development of policy. The Board is currently undertaking this.

This is clearly an acknowledgement that the success of any tool provided to assist a problem gambler in controlling their addiction ultimately depends on the conviction of the problem gambler to modify their own behaviour.

In our view it also re-enforces a strategy where the primary focus should be one of directing the problem gambler to effective counselling/treatment and not one of implementing costly technical measures that in most cases are not effective.

19. REDUCTION OF MAXIMUM PERMISSIBLE WIN

ClubsNSW understands that there is no evidence to suggest this is an effective measure and does not support its introduction.

The maximum win of \$10,000 on poker machines has been in place since 1986. In its submission of June 2001 (Section 9.2 – Maximum Prize to be Reduced on Standalone Machines to \$1,000) the GIO put forward a number of arguments as to why such a harm minimisation measure is not appropriate. In broad terms, these are summarised below:

- Not a proven harm minimisation measure.
- Other forms of gambling have significantly higher maximum prizes which are not associated with problem gambling.

- The current maximum prize limit has been in place for approximately 17 years and in real terms has approximately halved in value (i.e. \$10,000 in 2003 would be valued at approximately \$5,000 in 1986). The de-valuation is ongoing, that is, the maximum prize value is automatically decreasing in real terms.
- Adverse impact on recreational players.

Compared to the past, gaming machine players today have significantly more information available regarding 'odds of winning' and other information about the operation of gaming machines. There is a mandated sign in every gaming machine area of a club informing players that "the odds of winning the major prize are no better than a million to one" - so players are fully informed about odds and chances of winning.

Depending on the recommendations of this review process it is possible that players will have access to even more detailed information about each machine as well as their play.

As noted above, other forms of gambling not only have significantly higher maximum limits but are permitted to publicly advertise their product. Even under these circumstances there appears to be no association with problem gambling.

It is our view that there is no evidence to suggest that this is an effective harm minimisation measure.

20. TRAINING

Effective staff training is supported but any legislated measures requiring staff to pro-actively identify problem gamblers is viewed as problematic and not supported

Throughout this submission the need to channel problem gamblers into effective counselling and treatment as quickly and efficiently as possible has been emphasised as a critical, if not the most critical, part of the process involved in dealing with problem gambling. In this respect suitable training of staff is important.

The legislation and individual responsible gambling programs such as ClubSafe and BetSafe recognise this and have processes in place to achieve this goal.

However, there has been considerable discussion about placing greater emphasis on staff and management to become pro-active in an attempt to identify problem gamblers.

While in some special circumstances staff may be able to conclusively determine that a particular player has a gambling problem, it is our view that this is generally not the case.

Even experts cannot agree on the symptoms that characterise a problem gambler and it is generally acknowledged that unlike excessive alcohol consumption, problem gambling cannot be easily identified simply by observation.

21. OTHER CHANGES TO INFLUENCE RATE OF PLAY AND RATE OF LOSS.

ClubsNSW does not support this measure. Existing evidence has shown that 'rate of play' reduction strategies are not effective and have adverse economic consequences.

It is not clear what measures are being considered under this heading and how these would be applied so as not to discriminate against non-problem gamblers. However, the results of the research on slowing down reel spin speed commissioned by the GIO and carried out by Sydney University is believed to be relevant in any of these considerations.

In its 7 February 2002 submission to the LAB, the GIO submitted that no measure should be adopted which is found to be likely to entice players to spend longer in gaming venues than they would if the measure was not adopted. The GIO noted Sydney University's comment that:

- it is not uncommon for pathological gamblers to delay returning to work or home, fail to meet social commitments or leave children unaccompanied in cars while they satisfy their urge to gamble.¹
- the lengthening of playing time "may have unintended negative consequences, such as increasing the time that players gamble."²

1. Sydney University Research Report, p. 34.

2. Sydney University Research Report, p. 65.

In its submission of 9 June 2000 to the LAB the GIO added that a further important consideration was that gaming machines had been developed as, and remain, a medium for entertainment:

the evolution of machines has been directed at enhancing their entertainment potential and game speed has been a factor in this development. Like instant lotteries, players have shown a preference for a speedy result to a game, which as stated above, can be drawn out to cover quite a lengthy period.

In our view, the majority of club players can control the rate at which they play and spend by adjusting their bet levels and the frequency at which games are initiated.

The above arguments are extremely relevant to any consideration involving a slowing of the rate of play. In our view it is apparent that measures adopting this principle are not likely to be effective and will almost certainly detract from the enjoyment of non-problem gamblers.

22. LARGE PAYOUTS AND FORCED PAYOUTS

(a) Requirement for human intervention in "large" payouts

The principle of human intervention in a payout procedure once a certain level of payout is reached is supported. However, there is a need to rationalise the variety of levels that now apply.

When a player decides to 'cash out' or redeem a 'large' amount of accumulated credit it is current practice to use a method that involves a staff member or director attending the gaming machine and completing the payment rather than payment by automated means such as 'hopper', 'ticket' or 'card'. Additionally there are rules about payment of prizes by cheque once a certain payout level is reached.

It is our view that the definition of 'large' appears to have been arbitrarily set.

Examples of the interpretation of 'large' are:

- in the case of 'tickets' printed from machines the limit is \$500.
- in the case of card/account systems the maximum that can be transferred to a 'card' is \$200 (with an option to apply to the LAB for \$1000)

It is our view that these limits should be reviewed. ClubsNSW suggests that given the progress of technology and security/integrity mechanisms now associated with gaming operations (e.g. the Central Monitoring System, in-house systems, extensive metering on each gaming machine) a significantly higher limit than those in place now are indicated.

ClubsNSW would be willing to discuss this matter further.

(b) Forced payout by cheque when "large" amounts of credit are accumulated and then payment only by cheque.

ClubsNSW does not support this measure. It is our view that there is no evidence to suggest it is as an effective measure and would result in more adverse impacts on non-problem gamblers as well as introducing fairness issues.

While the 'large payout' requirement in 22(a) above is initiated because a player elects to cease playing and the amount to be redeemed is 'large', this proposal would appear to cause a forced payout i.e. termination of play randomly. It is not unlike the proposal for gaming machine shutdown which was rejected by the LAB.

Without further details available, it seems the following operational description of this measure would apply:

A player inserts money into a gaming machine and receives a substantial win, possibly very early in the playing session. If this amount is over the 'large' threshold then a forced payout is triggered and the player must be paid the entire amount by cheque. It is assumed that current legislative requirements will apply and a 'crossed' cheque is drawn in favour of the player. The club is not permitted to cash such cheques.

The following observations are made:

Depending on the definition of 'large', this proposal would appear to contradict the legislated requirement for payment of amounts over \$1000 by cheque where that amount under \$1000 being available as cash.

It appears that two classes of payout might be introduced - one forced and one non-forced - with different rules applying to each.

Players can be forced to terminate their play when their chances of winning a prize are highest. As an example the probability of winning a random link jackpot increases with increasing level of jackpot pool and yet this measure can randomly prevent players from playing under such conditions.

It is not uncommon for players winning 'large' amounts to use the win as 'entertainment money' for that evening. Such players can find their entire evening's 'entertainment money' locked up in a crossed cheque for the evening.

This initiative can only result in even more cheques being generated and with it exacerbating the problems already outlined in 14(a) above.

To the best of our knowledge gaming machines would need to be re-designed to accommodate such a feature and the difficulty and cost is not known at this time.

It is almost certain that implementation of this measure will result in a significant decrease in turnover and revenue for a club because non-problem gamblers will be prevented from playing and clearly be frustrated by such a measure.

It is interesting to note that this measure basically relies on the player accumulating sufficient credit through 'wins' to cause a forced termination of play. The wins are achieved randomly so that the forced termination of play is essentially random in nature. That is, this measure does not attempt to discriminate between problem and non-problem gamblers, being applied randomly to all players in the club.

Perhaps most importantly the impact of this measure on problem gamblers is unknown. What behavioural response will this elicit in the problem gambler? In our view it is likely that the negative consequences highlighted in 14(a) above - exposure to loan sharks and cashing of cheques at a discounted value - will simply be exacerbated.

In our view this measure cannot be justified on any reasonable grounds.

23. CONTROLS ON ADVERTISING

ClubsNSW believes that the existing legislation needs to be reviewed in order to address some difficulties as well as a consistent application across all forms of gambling.

External gaming machine advertising of poker machines has been banned in New South Wales while other forms of gambling continue to advertise publicly.

While the impact on problem gamblers is not known, this legislation has created difficulties for clubs in terms of interpretation and application. Some examples have been:

a) clubs fined for inadvertently leaving an image of a gaming machines on a website about the club.

b) lack of clarity about what constitutes internal and external advertising. For example, clubs have been advised that it is illegal to use 'flyers' located within a club to advertise gaming machines because the "flyers" can be carried outside of the club.

Given that patrons often like to take a hardcopy note or reminder about upcoming promotions or events, some of which may involve poker machines, it seems that this interpretation is overly restrictive and does not actually address the needs of the problem gambler.

c) clubs not permitted to direct mail their members with information about gaming machine promotions at the club. While clearly commonsense dictates that a club member identified as a problem gambler should not receive any gambling promotional material, it is not clear why this should also be applied to all other members when other forms of gambling continue to advertise and promote their products in these ways. As an example NSW Lotteries has actively promoted the use of lotteries as gifts or rewards for employees by directly mailing employers and suggesting a strategy of lottery rewards for employees.

At this time ClubsNSW is not aware of any studies that have assessed the effectiveness of the advertising ban as a harm minimisation measure and suggest that this would form an appropriate research area.

It is also our view that from a public advertising perspective all forms of gambling should be treated consistently. This is clearly not the case with some aggressive advertising occurring on radio and television from other gambling providers.

24. CONTROLS OVER PLAYER REWARD SCHEMES

It is our view that the type of player reward schemes typically found in clubs do not encourage problem gambling and there is no evidence to suggest that moderate amounts of cash offered as rewards exacerbate problem gambling. ClubsNSW requests that the existing restrictions be reviewed.

Section 45 of the Gaming Machines Act 2001 applies restrictions on gaming machine promotions that prohibit cash as a prize when associated with player reward schemes. In addition, each prize must not have a value exceeding \$1000. This prohibition and restriction has been in operation since 2 April 2002. There are no mechanisms provided to allow for any flexibility.

To the best of our knowledge there is no sound research-based evidence that has established a link between this type of activity and exacerbation of problem gambling in individuals. Anecdotal evidence appears to suggest that problem gamblers are not really interested in this type of promotional activity. In this respect it should be noted that the accrual of points is not a 'prize' that players compete for, but is a player reward that is returned to them in a legitimate and transparent way.

While ClubsNSW is aware of at least some of the considerations that led to this legislation, it is suggested that a small amount of cash made available, for example \$100 per person per day, in relation to loyalty/reward schemes would not impact on problem gambling behaviour and would actually go some way to meeting the preferences of players that participate in such schemes.

25. PROMOTIONS AND GAMBLING INDUCEMENTS

ClubsNSW supports the prohibition on free or discounted liquor and free credits used as inducements to gamble.

The Gaming Machine Regulations 2002, clause 48 specifically prohibit a club or hotel to "offer or supply any free or discounted liquor as an inducement to play, or to play frequently, approved gaming machines in the hotel or club,.... or offer free credits to players....".

This measure should be applied to all forms of gambling in a consistent manner, including the internet.

26. CONTROLS ON GAMING MACHINE ARTWORK

ClubsNSW does not support this measure. To the best of our knowledge there is no evidence to indicate that artwork exacerbates problem gambling and there are concerns about the ability to develop and apply objective standards to such a subjective area.

The relationship between artwork and its ability to encourage or exacerbate problem gambling is to the best of our knowledge unknown and in any case its effectiveness must depend on each individual's perceptions and preferences.

Setting standards or guidelines for artwork in a manner that can be applied objectively and consistently is very difficult. As an example how can a person charged with approving artwork objectively decide when one image presented in one way as opposed to the same image in a slightly different way has 'crossed the line' and should be rejected because it will induce problem gambling behaviour.

It would appear a commonsense proposition that a gaming machine which is visually attractive to a player is more likely, at least initially, to be preferred by that player to one that is not attractive to them. However, it is another question as to whether the artwork is the cause of any problem gambling behaviour that the player may exhibit if they choose to play the gaming machine. To the best of our knowledge there is no sound evidence to suggest that this is the case.

It is noted that problem gamblers are not restricted to gaming machines where artwork and sound effects are designed to be entertaining and attractive, but also gamble at TAB agencies, race courses, by means of the internet from their offices or homes and table games at the casino as well as many other gambling activities. It would seem that 'artwork' is not a consideration in these situations but that other factors cause the abnormal behaviour.

ClubsNSW believes that general principles involving consumer protection and accuracy/honesty in advertising as well as the commonly accepted notion of public decency are the only measures that can be realistically applied to gaming machine artwork.

27. ELIMINATION OF "DOUBLE-UP" AND OTHER GAMBLE FEATURES

ClubsNSW does not support this measure and is not aware of any evidence that the presence of a "gamble" feature can be implicated as a cause of problem gambling.

The 'double-up' feature game as implemented in NSW can only be entered after a win is achieved. That is, a patron cannot insert money into a gaming machine and simply elect to enter a double up game feature. In this sense it is restricted.

Furthermore, the 'double-up' feature in New South Wales must be implemented in manner where there is no margin for the club – that is, in the long run the statistical expectation is that the double-up feature alone will not provide any return for the club or the player. In the long run, the player does not lose and the club does not earn revenue from the double-up or gamble feature.

28. REMOVAL OF VISUAL AND SOUND STIMULI AND 'WIN CELEBRATION'

This measure is not supported. There is no known evidence to suggest that visual and sound stimuli exacerbate problem gambling while their removal would almost certainly detract from the enjoyment of non-problem gamblers

The comment made in 26 above would seem to apply in this case if visual is replaced by light and sound – that is, it would appear a commonsense proposition that a gaming machine which is visually and audibly attractive to a player is more likely, at least initially, to be preferred by that player to one that is not attractive.

However it is another question as to whether the light and sound is the cause of any problem gambling behaviour or whether the light and sound act to encourage gambling sessions and expenditure that are longer or larger than would otherwise be the case.

Again, reference is made to problem gambling behaviour where there are no overt light and sound stimuli. Examples such as betting shops, phone betting and internet betting conducted from the home or office or table games at the casino come to mind.

It is also our view that similar considerations apply in the case of win celebration (i.e. light and sound effects when a large win is obtained).

It is noted that a win celebration generally involves a cessation of play while the win is celebrated. This would appear consistent with the proposals to slow down play. Eliminating a win celebration would seem to have the reverse effect. It is clear that there are conflicting considerations in these measures and in our view there is no evidence to suggest that either of the measures is effective in addressing problem gambling.

29. NATURAL LIGHTING AND PATRON VISIBILITY

ClubsNSW opposes these measures on the basis that there is no evidence to suggest they would be effective and the cost to venues can be prohibitive, and in some cases it may be impossible to achieve compliance.

a) Natural lighting

The mandating of this measure by means of legislation is opposed.

The design of buildings is a complex process and once constructed, modifications may not be possible due to a variety of reasons which usually come down to cost or ability to obtain approval for the required changes from the consent authority.

In the recent past there was a proposal put forward by the Government directed at ensuring poker machines were not visible from the outside of a building.

ClubsNSW surveyed its Members and found that while many already met this requirement a significant number did not. The ability to comply for those not meeting the requirement was considerable. Attachment 6 is an extract from the survey report and shows that compliance costs for this initiative ranged up to \$4 million while some clubs indicated that they could not comply.

It is our view that the requirement for natural lighting involves considerations similar to those of a requirement for "non-visible" gaming machines and will result in a significant number of clubs not being able to achieve compliance.

Perhaps most importantly, to the best of our knowledge there is no evidence to suggest that natural lighting in some way acts to reduce a tendency to gamble excessively.

However, the cost of compliance if such a measure was to be introduced would in our opinion be significant. This is based on the observation that the survey outlined above which involved making poker machines "non-visible" from outside indicated high costs with minority of clubs impacted. This proposal is arguably the reverse and a majority of clubs will be affected.

b) Making gambling patrons visible from outside the venue

The mandating this measure by means of legislation is opposed.

This measure is in fact the reverse of the 'non-visible' machine initiative outlined in 29 a) above. In our view the costs and difficulties outlined in 29 a) would apply but to a much greater extent. Furthermore, this requirement would be imposed without evidence to support its efficacy as a problem gambling measure.

As an observation, it seems that there are conflicting requirements emerging from within the existing policy framework. On the one hand there is a policy direction that attempts to conceal gaming machine activity by banning gaming related signage and advertising while on the other hand there is a proposal to make gaming machine players - and consequently the machines themselves - exposed to public view.

30. "CASH-BACK" TERMINALS

ClubsNSW believes that there are no harm minimisation measures associated with this technology and supports its introduction into clubs.

ClubsNSW is of the view that introduction of new technology that can improve the experience for patrons - as well as having positive benefits for clubs and their staff - is worthwhile.

In our view 'cash-back' terminals represent such technology. However, it seems that there may be some concern about the implications for problem gambling if such technology is introduced.

Attachment 7 outlines the background and operation of 'cash-back' terminals from a club perspective and in our view clearly shows that this technology has no adverse harm minimisation implications but does have positive benefits for the patrons, staff and clubs.

31. TICKET OUT TICKET IN (TOTI) TECHNOLOGY

ClubsNSW believes that there are no harm minimisation measures associated with this technology and supports its introduction into clubs.

TOTI technology is a development that has taken place in recent times and has the ability to enhance the gaming experience for patrons, while at the same time leading to improvements in security, integrity and efficiency of the gaming operation within a club as well as benefits for staff.

Clubs are already permitted to operate the 'ticket out' part of this technology - when a patron wishes to terminate play on a gaming machine, a ticket for the amount of credit accumulated is printed and dispensed by the gaming machine. The complementary part of this technology is 'ticket in', which allows the ticket to be inserted into a gaming machine as well as being redeemed for cash.

There have been reports that the introduction of this technology will lead to "massive" staff re-trenchments. The reality is that staff retrenchments have simply not accompanied the introduction of the 'ticket out' technology that is already present in clubs.

For over 10 years hotels have had cash transfer systems that allow money to be transferred to a machine electronically and redeemed electronically from a central cashier station. ClubsNSW is not aware of re-trenchments as an issue in this case.

Anecdotal evidence from overseas indicates that venues implementing TOTI have had the ability to streamline operations and utilise staff for more appropriate customer service roles. The customer service aspect is generally acknowledged as a critical component of an operation and one that clubs are increasingly recognising as crucial to their success in what is after all the hospitality industry.

Other issues that should not be forgotten include that fact that TOTI technology generates its own demand for work, such as maintaining and refilling printers and that it assists in creating a better OH&S environment as well as improving security because of potentially less cash on the floor.

The proliferation of TOTI technology in the United States has been exponential and indicates that the technology is successful, proven and in demand.

In the context of this submission, the most important aspect of TOTI is its implication for harm minimisation.

ClubsNSW is not aware of any specific research directed at examining TOTI as influencing problem gambling.

It seems reasonable to state that the 'ticket out' functionality of TOTI is clearly not regarded as an issue in the harm minimisation debate. It is our view that the 'ticket in' functionality likewise does not contribute to problem gambling.

This is based on the understanding that restrictions or bans on note acceptors are primarily motivated by a view that note acceptors encourage excessive play and spending because a player does not need to stop and convert notes to coin.

However as outlined in the GIO submission to the LAB of 7 February 2002, the GIO research project found that:

the proposed reconfiguration of bill acceptors to accept denominations of \$20 or less would be of limited effectiveness in minimizing harm associated with electronic gaming machines

It is understood that more recently the results of a study in Nova Scotia has also supported the findings of the GIO commissioned research.

It is our view that based on the available evidence, the logic behind restricting or banning note acceptors because of problem gambling implications has been shown to be flawed. It is also our view that the banning of 'ticket in' is subject to the same considerations. That is, a policy of banning 'ticket in' on the basis that it causes or exacerbates problem gambling is flawed.

32. RETAIL SHOPPING CENTRES

ClubsNSW supports the restrictions now in place regarding gaming machines in retail shopping centres. However in our view, the legislation has introduced some unintended consequences that need to be addressed.

Feedback has been received that the legislation is causing difficulties in its interpretation and in some cases may actually cause a club to jeopardise its current poker machine holdings even though no increase in poker machines is sought.

We are aware of a situation where a club seeking to provide additional non-gaming facilities for its members cannot do so. That is, the club does not seek to increase its number of gaming machines and is not materially changing its circumstances in a way that could be linked to exacerbating problem gambling.

ClubsNSW is of the view that the legislation should be reviewed with a view to removing or clarifying these anomalies while still prohibiting any further expansion of poker machines into retail shopping centres as originally intended.

The matter is technically complex and ClubsNSW would be happy to provide further input if requested.

ATTACHMENT 1 – GAMBLING HARM MINIMISATION LEGISLATIVE MEASURES

Gambling Harm Minimisation and Responsible Gambling Conduct of Gambling inserted as a primary object of the Gaming Machines Act 2001 (this impacts on all decisions made by the LAB in relation to licensing of venues, gaming machine approvals and authorisations as well as other matters related to the conduct of gaming).

- Global and individual venue gaming machine caps.
- Compulsory 10% reduction in gaming machine entitlements for large scale clubs.
- Tradeable Entitlement scheme - Gaming machines forfeited when trading
- Social impact assessments required to increase the number of gaming machine entitlements held.
- Gaming machines not permitted in retail shopping centres.
- Mandatory shut down of gaming machines (3 hours and 6 hours).
- Prohibition on gaming machine advertising, including direct mail out.
- Prohibition on exterior gambling related signage.
- Regulation of gaming machine promotional prizes and player reward schemes (max. \$1000, no cash).
- Compulsory self-exclusion schemes.
- Compulsory links with problem gambling counselling services.
- Minors not permitted in gaming machine areas.
- Minors prohibited from operating gaming machines.
- Legislated requirement for a “Code of Practice”.
- Player Information Provisions
- Chances of winning on a gaming machine (sign)
- Player information brochures (English and Other languages)
- Dangers of gambling notices (sign)
- Availability of counselling notices (sign)
- Clocks in gaming machine areas
- Prohibitions in dealing with cheques (one cheque, maximum \$400 per day)
- Payment of prizes (over \$1000) by cheque or EFT.
- Cash dispensing (ATM’s and EFT-POS) located away from gaming machine areas.
- Requirement for Player Activity Statements and storage.
- Prohibition on gambling inducements for playing of gaming machines (free or discounted liquor or free credits).
- Compulsory training by means of an approved course for all employees with gambling related duties as well as club secretaries.
- Prohibitions on publishing names of gaming machines prize winners who win prizes of more than \$1000.
- LAB related harm minimisation measures:
 - “Capping” of prizes not permitted.
 - Specifications for maximum standard deviation in a game.
 - Technical Standards - First Determination – 9 harm minimisation initiatives dealing with gaming machine design.

ATTACHMENT 2 – LAB FINAL DETERMINATION – PROPOSAL 7

Provisional Determination

That shutting down a machine for 10 minutes every hour be rejected.

Original Proposal

Shutting down a machine for 10 minutes every hour.

Responses Received

Six responses were received to this proposal and all supported the Board's determination to reject it.

Comments Received

- The original proposal would simply result in players moving to different machines every hour.
- There is no real benefit in this proposal
- Very sensible
- This is not an effective means of assisting problem gamblers as they would simply change machines when the shut down occurs.

Board's Determination

The Board does not repeat its reasons set out in the Provisional Determination of November 2000 (see appendix 1).

That for the reasons expressed in the provisional determination paper and reinforced by the above responses the Board does not propose to amend the Technical Standards to incorporate the original proposal. The Board notes in addition that the Productivity Commission at page 16.88 also indicated that it did not consider this proposal favourably.

ATTACHMENT 3 – EXTRACT - CLUBSNSW RESPONSE TO LAB PROVISIONAL DETERMINATIONS (DECEMBER 2000)

1. While we have some doubts about their likely effectiveness in reducing the incidence of problem gaming, we are prepared to support the implementation of most of the provisional determinations. Our position on each proposal is summarised in Attachment 1.
2. There are 3 particular proposals or parts of proposals that we cannot comment upon until we've had sufficient time to assess their likely impact both in terms of benefits and costs. These proposals involve decreasing the maximum bet from \$10 to \$1, slowing the game speed as specified and removing \$100 and \$50 from note acceptors with possible abolition of note acceptors. ClubsNSW is committed to undertaking detailed research (refer Attachment 2) into the 3 proposals and anticipates that this will be completed by the end of May 2001 for presentation to the Board.
3. It is imperative that any changes to the technical standards apply also to the casino to prevent problem gamblers from being able to evade the harm minimisation measure. ClubsNSW requests that the Board recommend this action to the Minister.
4. There must be a concerted effort by the Board to ensure that any adopted standards are applied nationally.
5. The Club Movement will require sufficient time to implement the new technical standards and these must be implemented at a common time to avoid unnecessary duplication of costs. The timeframes applicable must be cognisant of the need to develop and implement the proposals and to replace the existing machine population (as was the case with the mandatory replacement program to achieve "X" compliance).
6. There is an opportunity to conduct a review of the "X" standards, perhaps with a view to achieving national consistency, and implementing the proposed harm minimisation initiatives along with other changes.

ATTACHMENT 4 "DON'T BLAME TATTERSALL'S. IT'S MY FAULT." BY RICHARD CASTLES - MELBOURNE AGE - OCTOBER 24, 2003.

"Taking responsibility for one's actions is a step to recovering from an addiction. I am what people call a 'problem gambler'. But I do not blame Tattersalls or Tabcorp for my problem. In my darker moments I have blamed everyone from my parents to my cat, but it never occurred to me to blame gambling providers, no matter how much they targeted me in their marketing campaigns.

As an addict, I don't need clever marketing to encourage me to indulge. I gamble when I'm happy, I gamble when I'm sad, I gamble when I'm anywhere in between. I gamble on the pokies, I gamble on the dogs, the horses and the cards.

I may have a problem, but I dismiss the suggestion that advertising washes over everyone else like a stream but propels me like a current.

And I may be ignorant of many things, but not the law of averages or the independence of each spin, which I understood years before I ever placed a bet.

And, yes, David Campbell ('So, the pokies are 'fun'? You must be joking, Mr Tattersalls', on this page last Monday), gambling is illogical - on that we are agreed - but I don't see why that means it can't be fun. I think rather the contrary.

Like any complex problem, gambling addiction won't be solved by singling out one group for condemnation.

It needs to be examined in the context of the myths and values that underpin our society.

Chief among these is the notion of individual freedom, which most Australians staunchly defend - at least until someone seems to suffer by it, in which case some, if they are not insulting the victim, start looking for a culprit to blame.

In the mirror world of freedom, both the alcoholic and the barman who keeps pouring are to be condemned.

The first thing to understand is that gambling addiction is both an individual problem and a social problem. Why? Because society and the individual are inseparable.

We define ourselves through our relationships with others and can't exist in isolation. Drop Tom Hanks on a deserted island and he'll start to lose his marbles (albeit while finding his volleyball). Likewise, society can't exist without individuals.

Between these two concepts, the problems of the world fly around like blowflies not knowing where to land.

We've moved away from socialism: it seems individuals wanted freedom. But pure individualism isn't doing so well either.

Too much belief in ourselves has led to an erosion in social relationships. We're all becoming lonely in the crowd, a matter drawing attention from writers as diverse as Jonathan Franzen and federal Labor MP Lindsay Tanner.

As Tanner says in his recent book *Crowded Lives*: ``Individuals have experienced an enormous increase in personal freedom, but our society has paid a price through a substantial increase in social problems . . . More and more people feel excluded, alienated and despairing.''

Like Tom with that volleyball, in the absence of healthy social relations, is it any wonder more people are forming unhealthy relations with machines, alcohol, the internet, pornography, chocolate . . . So why point the finger at Tattersalls? While we're at it, let's lynch Mr Cadbury.

It seems more individuals are becoming addicted to more things. This isn't good. But we shouldn't lose sight of the value of freedom that enables it. Rather, we need to embrace the value of responsibility that comes with it.

It was famous psychiatrist and holocaust survivor Viktor Frankl who suggested there should be a Statue of Responsibility off the coast of Los Angeles to complement the Statue of Liberty on the east coast.

Should the small proportion of problem gamblers demand protection by denying the majority their fun? Personally, I'd rather accept responsibility for my problem than be the one to say: ``Sorry folks, the Melbourne Cup's off this year!''

The twist is that by accepting responsibility and getting help, I feel more liberated, my anger abates and I feel a greater desire to reach out and help my fellows.

That is where social responsibility is born, not by legislating away other people's freedom.

It isn't easy, since we addicts ``lose'' ourselves in the habit, and in our individualistic society it's becoming harder to accept the help from others that is necessary.

Lindsay Tanner's emphasis on strengthening the ties that bind is a step in the right direction. Blaming Tattersalls only undermines the enriching rewards of responsibility and kindness that come with freedom."

ATTACHMENT 5 – CLUBSNSW SUBMISSION ON PAYMENT OF PRIZES BY CHEQUE

Background

Clause 30 of the Gaming Machine Regulations 2002 (GMR) requires that so much of the prize money as exceeds \$1,000 be paid by cheque.

The amount below \$1,000 (in the case of a prize over \$1,000) may be paid by cash or if the player requests it must be paid by cheque. Cheques cannot be cashed by the venue.

In the case of a prize exceeding \$1,000, the regulation applying to Star City Casino gives the player discretion to be paid by cheque or cash. That is, in the case of a gaming machine prize exceeding \$1000, the player decides whether they are to be paid in cash or by cheque. In the case of a club, there is no option for a player to make a decision when the prize exceeds \$1000.

In Victoria, it is understood that legislation similar to that in NSW commenced on 1 January 2003 with a limit of \$2,000 rather than \$1,000 applying.

Queensland has not introduced legislation in this area but has developed a code of practice. The code allows venues discretion to set their own threshold limits and to cash cheques issued after a period of 24 hours has elapsed.

It is assumed that the requirement for payment of prizes by cheque arises primarily from gambling harm minimisation considerations.

ClubsNSW is not aware of any research to date that can point conclusively to this measure as being effective in reducing harm from excessive gambling. In fact, discussions with the Reverend Chester Carter from the Wesley Problem Gambling Counselling Service have indicated that this measure does not achieve its intended harm minimisation purpose.

There has been considerable feedback from Member clubs regarding other issues that have arisen since the introduction of this requirement.

The following outline the issues raised and our request for an amendment to the legislation.

Issues arising since the introduction of clause 30

1. Quantity of cheques generated, administrative cost and security.

A survey of just 16 clubs for the 12 month period from November 2000 to October 2001 showed that these clubs generated 67,664 cheques in compliance with the regulation, causing a significant administrative burden, along with a growing security risk.

It should be noted that many of these cheques are for extremely small amounts and that there is no regulatory flexibility in how these small amounts are paid. As an example the legislation requires that in the case of a prize valued at \$1001.50 a cheque for a \$1.50 must be drawn.

Evidence indicates that over 65% of cheques written as a result of this legislation are for amounts less than \$1,000. Additionally, the clubs surveyed issued well over 4000 cheques annually that incurred an additional cost to the

While it is difficult to ascertain the exact number of additional cheques that are being generated across the whole club movement because of this regulation, a conservative estimate of 750,000 additional cheques (at an average of 535 per club) would be generated each year.

It is our contention that cheque fraud (forgery) increased after the introduction of clause 30 and is related to the ready availability of club cheques.

The type of fraud referred to involves persons acquiring a cheque from a club and then altering the contents on the cheque. It is our view that the obligation to issue cheques in such large quantities has directly contributed to an increase in this activity.

2. The decline of cheques as a method payment

It is argued that the use of cheques as a method of payment is being actively discouraged by banks. This occurs principally through the imposition of fees that attempt to direct people to other means of payment.

A recent article in the Sydney Morning Herald (23 July 2003) titled "Cash In On Change" clearly outlines this trend – " as recently as 1995, cheques accounted for more than 80 per cent of the value of all non-cash payments, but now they're down to less than 30 per cent."

Contrary to this clear trend the existing legislation effectively forces clubs to write more cheques and to bear the increased costs.

While it is acknowledged that the legislation makes provision for electronically transferring a prize to an account nominated by a player, this option has not proven popular with patrons and many clubs are not in a position to carry out this type of transfer. The issue of player preferences is canvassed in point 4. below.

In summary, ClubsNSW argues that the legislation should act in a way that encourages fewer cheques while taking into account the reality of the gambling environment which includes a balance between player preferences and harm minimisation.

3. Harm minimisation issues

It is apparent that gamblers wishing to convert cheques to cash can do so in a relatively short time e.g. on presentation of cheques, in a variety of places often in very close proximity to the club.

In a previous submission ClubsNSW outlined a side effect of the legislation that caused patron exposure to persons of questionable character and motives. Such persons were reported to be cashing cheques at or near club or hotel premises for a discounted value.

The Government is to be commended on introducing an amendment to the Gaming Machine Act (s47A). The amendment created an offence for a person, other than a financial institution, to "knowingly" accept a cheque issued by a club for a gaming machine prize. Furthermore, a person is assumed to have "known" it is a prize winning cheque if a cheque is accepted within 500 metres of a club or hotel.

However, in our view the effectiveness of the legislation remains problematic. Departmental inspectors do not appear to have jurisdiction outside licensed premises and police resources would more than likely be directed at more significant criminal activity.

Another effect that arguably impacts on gambling harm minimisation has also been reported. It involves the deliberate practice of "playing down credits" so that the accumulated credit value is below \$1000 thus avoiding the need for a cheque. Clearly this activity would not take place if players could elect to be paid by a method of their choice.

4. Player preference

Apart from the practice of "playing down credits" clubs report that many players simply prefer to be paid in cash and yet this option is not available to them.

However, in Star City Casino the option of cash or cheque is available even though the majority of clientele are understood to be drawn from the same population as that found in clubs i.e. the local Sydney area population.

In relation to visitors, ClubsNSW has received feedback that interstate and overseas visitors are often placed in a situation where issuing a prize winning cheque creates unnecessary complications and difficulties.

This arises because such patrons have restrictions on being able to cash a cheque e.g. they are leaving that day or next day or do not have an account with a financial institution in this state or both.

Conclusion

Although it is understood the "Prize payment by Cheque" legislation was primarily introduced for gambling harm minimisation reasons there are clearly widely differing views as to its application. Differences apply even between venues located within the same jurisdiction.

In view of the arguments presented, most importantly the doubt about the efficacy of this measure and the associated costs to clubs, ClubsNSW would request that consideration be given to amending the legislation in order to apply the same requirements as those applying at Star City Casino.

ATTACHMENT 6 EXTRACT FROM REPORT ON GAMING MACHINE VISIBILITY IN CLUBS CONDUCTED IN NOVEMBER 2000.

Background :

The Minister has written to ClubsNSW inviting comment about the "visibility of gaming machines from the street" advising he is giving consideration to amending the Liquor and Registered Clubs Acts to prevent this occurring. The initiative is intended to cover all hotels and clubs.

A snap survey of Members was conducted by ClubsNSW during the week commencing 13 November 2000. Since no details of any proposed legislation were available respondent clubs needed to put their own interpretation on the meaning of "visible from the street".

SURVEY RESULTS:

Survey sample size:

Clubs affected by visibility legislation	90	(15.3%)
Clubs not affected by visibility legislation	497	(84.7%)
Total respondents	587	(100%)

Perceived difficulty in complying with visibility legislation:

Easy	21	(3.6% of total response)
Difficult	28	(4.7% of total response)
Very difficult	41	(7.0% of total response)
Total clubs affected	90	(15.3% of total response)

Estimated average cost of compliance (see Note)

Easy	\$ 3,150
Difficult	\$ 28,354
Very difficult	\$ 58,682

Note: Excludes five clubs which indicated that very high compliance costs would be involved because of circumstances. Individual costs for these clubs were \$4M, \$1.5M, \$1M, \$0.75M and \$0.5M. Total Cost \$7.75M

Average timeframe for compliance (see Note):

Easy category	2 months
Difficult	7 months
Very difficult	19 months

Note: There are large deviations about these averages ranging from 0 (Easy category) to 60 months plus (Very Difficult category). Two clubs advised that they could never achieve compliance.

Extrapolation of results statewide assuming 1420 clubs with gaming machines:

Clubs that would be affected by visibility legislation	218 (15%)
Clubs not affected by visibility legislation	1,202 (85%)
Total	1,420 (100%)

Estimated cost to clubs \$16 million (see Note)

Note: The five exception clubs account for approximately \$8M of this amount. Since 587 respondents represents approx. 42% of the club population it might be expected that another six to seven clubs with exceptional circumstances exist. This would equate to an additional \$10M (approx) in cost. It would therefore be reasonable to assume a cost in the range \$16 to \$26 million in order to comply.

ATTACHMENT 7 – “CASH BACK” TERMINALS

In August 2003 ClubsNSW learned that consideration of “cash back” terminals for use in clubs had apparently been suspended pending the outcome of the IPART harm minimisation review. Prior to this time, the terminals had undergone extensive trialling and testing in clubs.

It appears that gambling harm minimisation considerations may have influenced the suspension and for this reason ClubsNSW would like to take the opportunity to outline relevant matters involving the use of “cash-back” terminals.

Relevant matters for consideration are:

Technological change in the gaming machine industry continues to take place and clubs are keen to take advantage of developments that assist in providing a better service for their patrons while at the same time allowing them to streamline and improve the security and integrity of their operations.

Cash back terminals are an example of technology that has clearly identifiable benefits for the patron, the club and staff. These terminals are used in conjunction with “Ticket-Out” technology which has been available in clubs for some time.

When a player decides to terminate play on a gaming machine a ticket is printed by the gaming machine and this ticket can then be redeemed for cash at a cashier station or if approved, a cash back terminal. In many ways this provides a similar service for players to that which has been available in hotels using centralised cash control equipment (CCCE) for over 10 years.

It is important to note that clause 98(3) of Gaming Machine Regulation 2002 was specifically amended to facilitate the use of cash-back terminals in cases where the value of a ticket is less than \$500. For amounts greater than \$500 human intervention is required to complete the redemption.

The development of such terminals has been costly as they need to be integrated with existing systems and be capable of dispensing the exact amount of cash. A considerable investment has been made in developing this technology which is specific to the requirements of clubs.

In relation to harm minimisation, feedback from clubs indicates that this type of technology has no adverse impacts on problem gambling and in conjunction with the ticket-out facility allows a patron to terminate their play and redeem their credits quickly and conveniently. That is, if a patron decides to terminate play a ticket is printed and the ticket then redeemed for cash in a very quick and efficient manner.

The issue of patrons being unable to redeem their gaming machine credits has been flagged by the Department of Gaming and Racing in past publications of the Liquor and Gaming Bulletin (December 2000 (pg 7) and March 2001 (pg 9)).

In the December 2000 article it is suggested that an alleged practice of making patrons wait to be paid can encourage or is likely to encourage problem gambling. Clearly "cash-back" terminals eliminate the "wait" factor.

In our view there are no harm minimisation issues associated with "cash-back" terminals and this technology should be viewed as one that will enhance the playing experience while also allowing clubs to streamline and improve the security and integrity of their operations.