



Services Clubs
Association

Submission to the

**Independent Pricing and
Regulatory Tribunal**

*Review of Gambling Harm
Minimisation Measures*

November 2003

Introduction

The Services Clubs Association (SCA) welcomes the opportunity to contribute to the Review into Gambling Harm Minimisation Measures being undertaken by the Independent Pricing and Regulatory Tribunal (IPART) on behalf of the Minister for Gaming and Racing.

As one of four major sectors of the New South Wales Club industry the Association is strongly supportive of the submission by ClubsNSW to the review. However, there are a number of issues raised in that submission on which the Association would like to make further comment.

It is common practice for reviews of this nature to dwell on, in this instance, the estimated 2.1% of people with gambling problems, overshadowing the fact that 97.9% of people – the overwhelming majority – enjoy the entertainment value of playing gaming machines and the Australian psyche of “enjoying a flutter”.

That is not to diminish the problems caused by excessive gambling, but simply highlights the fact that, as with other social issues, the tendency is often to focus on the minority and overlook the majority. This often results in Governments taking the easy option of introducing overbearing regulation that stifles free enterprise, rather than focusing attention on identifying why, in this instance, people have gambling problems and putting more funds into educational, counselling and treatment services.

This approach would appear to be backed up by the reported newly adopted Federal and State approach to deal with problem gambling which will see a national framework developed by April next year and is expected to look at education, awareness campaigns, research and advertising. State Ministers rejected a Federal Government strategy which included proposals such as nationwide caps on gaming machines, advertising bans and technical limitations.

This thrust would seem to be in line with the outcomes of a recent survey in Victoria in which the researchers determined that the findings underlined the urgent need for a more focused effort to specifically address problem gambling in Australia, rather than restrict access to gaming by the vast majority who gamble responsibly.

Director of ACIL Consulting, Jeff Rae (which conducted a research project in Ballarat) said that:

“The policy debate needs to focus on the more effective and efficient management of problem gambling and its consequences, rather than on broadly-based measures that fail to target the real issue. For too long the economic and social benefits of gaming have been ignored in the rush to tackle the small but significant number of people who are prone to develop compulsive gambling behaviour. The ACIL Report demonstrates that the vast majority of Ballarat people play gaming machines safely and responsibly and regard them as providing a fun leisure and social activity. Recreational players said they enjoyed the fun and excitement of the game as well as the ability to combine gaming with other activities, such as a meal or entertainment, as well as the opportunity to share these activities with friends”.

Background

It is worth looking briefly at the introduction of the New South Wales Liquor Act in 1905 when 85 clubs were licensed for trading. It was not until the amendment to the Act in 1946 that new clubs were permitted and by 1950 there were 350 legalised clubs made up of bowls, golf, RSL, ex-service, leagues, workers, community, sporting and ethnic clubs. Services clubs – RSLs, ex-service, memorial, legion and kindred clubs – were largely established by RSL sub-branches and their affiliates to provide camaraderie and hospitality to returned servicemen and women.

Further restrictions on the number of clubs were lifted as a result of the 1954 Maxwell Royal Commission into liquor licensing which removed the existing ration requirements between clubs and hotels. This, combined with the 1956 legislation to allow gaming machines for exclusive use in registered clubs, led to a dramatic escalation of the club movement. By 1958 there were 1,050 registered clubs in New South Wales.

Today more than two million people from all walks of life are members of New South Wales clubs. There are now 1,500 clubs in the State and almost every town with a population of more than 400 people has a registered club. Some 330,000 people use the services provided by clubs every day and the industry employs almost 40,000 people. Each of those clubs has a board of directors, ranging from 5 to 23 (average 10), making a total of more than 15,000 people who are directly involved in the industry and its management on an honorary voluntary basis.

Compulsory shut down of gaming machine operations

The compulsory shutdown of gaming machines for six-hours fails to recognize the diverse range of lifestyles of today's time poor society and needs of members. Recent legislative amendments providing an exemption from the six-hour shutdown to three hours will alleviate that to an extent.

The major metropolitan areas of Sydney, Newcastle and Wollongong in particular, all with considerable industrialized areas, are 24 hour seven day a week operations and there were a number of clubs in those areas which previously opened 24 hours to cater for those needs. People working in these shiftwork oriented centers work vastly different hours to the normal 9-5, five days a week and as such, have vastly different needs. But they should not be disenfranchised from using their leisure facilities because they do not work traditional hours.

The six-hour shutdown deprives these people of the opportunity to enjoy the amenities of their local club at a time that is convenient to them. More importantly, this measure has not been shown to have a major impact on problem gambling. It has, however, had a significant impact on the operations of clubs operating in those areas.

One such club is the medium-sized Lidcombe RSL, previously a 24 hour operation, which catered for about 300 regular members who used the facilities between 2am to 9am because of a range of professions that led to their different lifestyle – predominantly taxi drivers, Flemington market workers, printers, bakers, rail workers, hospitality workers and grave diggers.

The impact on the club since the loss of 24-hour gaming facilities, coupled with other harm minimization measures, has been dramatic with gaming revenue falling from

\$4.2million to \$2.6million in a two year period. Subsequently, six fulltime staff have been made redundant, and three reduced to part-time hours, two cleaning positions have been lost and the work outsourced and two part-time contract security positions lost. The club now trades 10am to midnight on most days and opens until 2am of Thursdays and 4am on Fridays and Saturdays.

Performance of Self-Exclusion Schemes

The Association supports the ClubsNSW view that self-exclusion be used as a tool in conjunction with counselling, not as a standalone measure.

However, the current self-exclusion scheme falls short in that it does not include all venues, ie while a gambler could self-exclude themselves from one venue, it does not prevent them from attending another gaming venue, even in the same suburb or town. However to make it more effective – a statewide self-exclusion scheme including all clubs, hotels and casinos – raises a number of privacy concerns and administration difficulties.

It may be useful to explore the concept of the gambler taking more responsibility for his/her own action by placing the onus on the gambler to identify themselves when entering a gaming venue in much the same way as recent changes to public liability legislation.

Role of Community Services, including Gambling Counselling Services

The Association agrees with the ClubsNSW view that the provision of adequate and effective counseling services is a critical component in addressing the issue of problem gambling.

This area lacks considerable and proven research and requires extensive development as there is no approved or generally agreed treatment program, no central register of what treatment is being given, what the outcomes are or what are the most effective treatments.

A major hurdle in this regard would appear to be that problem gambling is currently not an insurable event. A drug addict or an alcoholic, and even smokers, can receive a rebate for medical services for any of these clinical conditions. However, the Association understand a problem gambler cannot get medical insurance for their problem and therefore has to pay the full cost of treatment.

Requirement to locate ATMs away from gambling areas

There have been several recent calls for ATMs to be banned from gaming venues, however there are a number of compelling arguments for their retention.

In many areas, particularly regional towns, the club provides the only facility of its type in a safe and secure environment, particularly after normal business hours and at night. There is abundant evidence of the security risks associated with withdrawing money from ATM's in street locations after hours and the club environment offers a safe haven for these transactions. ATMs are a modern financial facility strongly encouraged by the banking industry as a means of ensuring their customers minimize banking fees by not having to access cash by over the counter means.

To restrict the operation of ATM's within a club denies the right of other non-gaming patrons the opportunity to access money for purposes other than gaming. The Association supports the current legislative requirement for ATMs to be located away from gaming machine areas and restrictions on accessing cash from credit accounts. Again though, any moves to tighten restrictions in this areas disadvantages the vast majority of patrons. It is worth mentioning that the 2002 report by ACIL Consulting into the impacts of gaming in Ballarat in Victoria found that of adults playing gaming machines during the previous 12 months, 83 percent did not withdraw money from ATMs while they were playing and 9 percent rarely withdrew money from ATMs while playing gaming machines.

Large payouts by cheque

The SCA has previously supported submissions by ClubsNSW that the requirement to pay prizes by cheque should be reviewed with a view to implementing the same requirements as those applying to Star City Casino.

The requirement to pay cheques of more than \$1,000 generates a considerable amount of additional administrative costs for a club due to the quantity of cheques generated. The requirement to pay cheques also goes against the general trend of financial transactions in the community and the push by banks for electronic transfer of funds. There is a questionmark over its success as a harm minimisation measures and there are also different rules applied for Star City Casino, where patrons have the option of taking money in cash or cheque.

If these measures are to be applied they should be applied consistently across all venues.

Controls on advertising

The SCA believes a government cannot introduce harm minimization measures restricting the advertising of one form of gambling while continuing to allow the advertising of other forms of gambling, such as lotteries and powerball.

While the focus for harm minimization measures has been squarely aimed at the gaming machine industry to protect problem gamblers, there is nothing to say that patrons of these other forms of gambling do not experience similar problems.

As with all forms of gambling it is not that people are unaware of where these different forms of gambling can be accessed but rather that a club should have the ability to advertise its full range of services. The SCA maintains that a club's ability to grow its business and meet its community obligations should not be fettered by placing it at a disadvantage with other competitors.

The Association believes that there should be a level playing field for advertising of all forms of gambling, whether it be horse racing, lotteries, powerball or gaming machines. Like ClubsNSW, the Association is unaware of any research that has been conducted to support the current legislative regime in this regard which is seen as a restriction of legitimate trade. Advertising the availability of gaming machines in a responsible fashion is not in itself an inducement to gamble – like the advertising of horse racing club

advertising is generally about informing the public of the opportunity of having an entertaining day out and the facilities that are available within the venue, including gaming machines.

The SCA proposes that this area of legislation should be reviewed.

Impact on community projects

The club industry in New South Wales annually donates millions of dollars to charities and to community organizations. About \$500 million of club industry profits is distributed to community support each year with this surplus drawn primarily from the gaming income of gaming machines.

The impact of gaming on the community assessed by ACIL Consulting in a study undertaken on the Victorian City of Ballarat which found that gaming makes a substantial contribution to the economic welfare of people living in the municipality. In fact the study found that the overall social and economic benefits to regional communities from the gaming industry far outweighed the costs of problem gambling.

The report found that, after allowing for the costs of problem gambling associated with gaming in Ballarat, the net economic benefit of gaming to residents of the city was found to be at least \$98 million a year – and possibly as high as \$277 million a year.

The study also found that gaming has direct impacts on the Ballarat economy in terms of employment, provision of non-gaming services at gaming venues such as meals and entertainment, capital expenditure at venues, and businesses who supply goods and services to gaming venues.

Summary

The SCA agrees with the view that the majority of harm minimization legislative measures were introduced without suitable or sufficient research or evidence to support their value.

The SCA is therefore supportive of the Minister for Gaming & Racing's commitment to protect problem gamblers and his expectation that *"the Inquiry will help determine government policy and ensure all future decisions relating to harm minimization measures are evidenced based"*.

The SCA is also supportive of the notion that in certain circumstances problem gamblers must also take on some responsibility for their own behaviour as has been emphasized in several recent cases before the courts, particularly in relation to alcohol abuse.

There are similar parallels in relation to problem gambling. While clubs are fully supportive of gaming harm minimization measures it is often too easy for the gambler to place the blame on the availability of gaming machines in clubs and therefore abrogate responsibility for their own actions.

Representatives of the Association would welcome an opportunity to speak further with members of the Tribunal.

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Attachments

1 Ballarat Media Release



MEDIA RELEASE

EMBARGOED UNTIL 11:00AM TUESDAY 5 FEBRUARY 2002

REGIONAL BENEFITS REVEALED IN GAMING STUDY

The overall social and economic benefits to regional communities from the gaming industry far outweigh the costs of problem gambling, a major study has found.

In the most rigorous and comprehensive assessment of the impacts of gaming at the local government level yet undertaken in Australia, ACIL Consulting focused on the Victorian City of Ballarat. It found gaming makes a substantial contribution to the economic welfare of people living in the municipality.

After allowing for the costs of problem gambling associated with gaming in Ballarat, the net economic benefit of gaming to residents of Ballarat was found to be at least \$98 million a year—and possibly as much as \$277 million a year.

ACIL Director, Jeff Rae, said the findings underlined the urgent need for a more focused effort to specifically address problem gambling in Australia rather than restrict access to gaming by the vast majority who gamble responsibly.

“The policy debate needs to focus on the more effective and efficient management of problem gambling and its consequences, rather than on broadly-based measures that fail to target the real issue,” Mr Rae said.

“For too long the economic and social benefits of gaming have been ignored in the rush to tackle the small but significant number of people who are prone to develop compulsive gambling behaviour.”

ACIL has extensive experience in analysing the economic and policy issues associated with gaming and undertook the independent study on behalf of Tattersall’s.

The final report has drawn upon original sources of data, including a survey of 1000 Ballarat adults by Newton Wayman Chong, a leading market research consultancy, and a survey of Tatts Pokies venues in Ballarat by ACIL. The report also utilised sophisticated modelling of the Ballarat economy undertaken by one of Australia’s most respected economic consultancies, Econtech.

Ballarat was chosen for the study because it is an important regional centre, has a well-developed recreational sector, and is broadly representative of non-metropolitan Victoria.

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“The ACIL Report demonstrates that the vast majority of Ballarat people play gaming machines safely and responsibly, and regard them as providing a fun leisure and social activity,” Mr Rae said.

The survey of 1000 people found that three-quarters of Ballarat adults had visited a gaming venue in the municipality in the previous 12 months, with just under half of them playing a gaming machine. Most of those surveyed perceived that there were advantages, as well as disadvantages, to the Ballarat community from gaming in the municipality.

Recreational players said they enjoyed the fun and excitement of the game as well as the ability to combine gaming with other activities, such as a meal or entertainment, as well as the opportunity to share these activities with friends.

“At the same time, the study found that gaming has direct impacts on the Ballarat economy in terms of employment, provision of non-gaming services at gaming venues, such as meals and entertainment, capital expenditure at venues, and business who supply goods and services to gaming venues.”

“Indirectly, Ballarat also benefits from the tax revenue that goes to the Victorian Government from gaming, which in turn funds hospitals, health services, law enforcement and other vital community services in the municipality.”

“We found that the economic welfare of Ballarat residents would be increased if the current restrictions on recreational gaming in the city were to be relaxed,” Mr Rae said.

“If a regional cap were to halve net gaming expenditure in Ballarat, residents’ economic welfare from gaming would be reduced, even after allowing for the costs of problem gambling associated with gaming in Ballarat. A total ban on gaming would reduce the economic welfare of residents by at least \$98 million a year and possibly by as much as \$277 million a year.”

The ACIL study found that there is no concrete evidence to show that cuts in gaming machine usage would reduce problem gambling. It therefore concluded that imposing a regional cap on Ballarat would be ineffectual in tackling the issue.

1 February 2002

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ATTACHMENT 1

ECONOMIC IMPACTS OF GAMING ON BALLARAT

The ACIL Report found gaming is a significant part of Ballarat's economy. In 2000-01, the city's 16 gaming venues generated:

- Net expenditure by residents of \$47 million on gaming;
- Expenditure by residents of around \$12 million on non-gaming services;
- Around 430 direct jobs paying wages in excess of \$10 million, virtually all of which went to residents of Ballarat;
- Expenditure of around \$16 million on goods and services – much of which went to local suppliers;
- Capital expenditure estimated at \$10 million – much of which was spent on local building contractors;
- Value-added (ie the returns to capital and labour) in the order of \$25 million to \$30 million in Ballarat – a large part of which accrued to residents of Ballarat; and
- Tax revenues for the Victorian Government of around \$19 million.

ATTACHMENT 2

SOCIAL IMPACTS OF GAMING ON BALLARAT

The ACIL Report found gaming is a significant social activity for residents of Ballarat. In the preceding 12 months

- 89 per cent of Ballarat adults gambled;
- 41 per cent of Ballarat adults played poker machines;
- 83 per cent of Ballarat adults visited a hotel or club in Ballarat;
- 76 per cent of Ballarat adults visited a gaming venue in Ballarat;
- a significant minority of Ballarat adults who visited gaming venue in Ballarat did so mainly for its non-gaming services; and
- the range of leisure activities enjoyed by players and non-players were virtually identical.

For those Ballarat adults who had played gaming machines in Ballarat over the previous 12 months:

- 73 per cent always or usually played in a group;
- 49 per cent played fewer than five times in the year;
- 19 per cent played more often than fortnightly;
- 5 per cent played more than weekly;
- their average playing time per visit was 30 minutes;
- 95 per cent set a limit on how much they will wager;
- 70 per cent always stick to their wager limit;
- 20 per cent often stick to their wager limit;
- 83 per cent do not withdraw money from automatic teller machines while they are playing;
- 9 per cent rarely withdraw money from automatic teller machines while they are playing.