



9 November 2012

ATTN: Lyn Beverley
Committee Secretary
Joint Select Committee on Gambling Reform
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Parliament House
Canberra ACT 2600

The Association welcomes the opportunity to comment further on the National Gambling Reform Bill 2012.

While the Association commented on the initial draft and supports the submission by Clubs Australia, there are a number of points which we would like to reiterate and highlight.

Of particular note is the inclusion of the Australian Gambling Research Centre and the supporting Expert Advisory Group which is welcomed by the Association, and indeed the industry, as a means of installing a more evidenced reasoning to the introduction of measures to reduce problem gambling.

The National Gambling Reforms Bills require industry to install a state/territory-based voluntary pre-commitment program prior to any trial validation of whether it will assist problem gamblers or an examination of a cost-benefit analysis.

Therefore, the logical approach would be for the proposed Australian Gambling Research Centre to undertake this analysis before the Government moves to introduce this Bill.

The Association accepts that more needs to be done to assist problem gamblers. However, this legislation will require the industry to expend large sums of money to upgrade/replace gaming machines to provide gamblers with 'an option' to voluntarily pre-commit to lose a maximum amount of money, a facility already offered 'in-house' by many larger clubs.

The Association continues to support venue-based voluntary pre-commitment technology which is affordable rather than state-linked systems for which the technical details or costs are unknown.

The extent of the problem the Government is trying to address - based on Productivity Commission data - has also been brought into question by a recent research paper by the Institute of Public Affairs entitled *Gambling away perspective - a review of the evidence justifying electronic gaming regulations - Julie Novak (Research Fellow) with Tim Wilson (Director, IP and Free Trade Unit, Oct 2011.*

The paper, largely ignored by the political spectrum, does not dispute that some people bet beyond their reasonable means when gambling, but it points out that:

- *Based on state surveys from 2001 to 2009, the Productivity Commission estimated that between 80,000 and 159,000 Australians are afflicted by problem gambling;*
- *On the basis of the numbers of problem gamblers playing EGMs more than weekly, the Commission also estimated that 41% of EGM spending was attributable to problem gamblers;*
- *However, the published estimates did not appear to adjust for differences in the adult population between states or the varying number of EGMs available in each jurisdiction;*
- *Outdated data was used by the Commission to estimate the prevalence of problem gambling - using the latest data shows a lower figure, about 75,300 problem gamblers in Australia - about 35% lower than the Commission's average estimate of problem gambler numbers;*
- *Based on the Commission's analysis that between 75% and 80% of problem gamblers use EGMs, this reduces the numbers of EGM problem gamblers to between 57,000 and 60,000 people;*
- *Based on total expenditure on EGMs in Australia the implied share of spending by problem gamblers would in fact appear to be between 10-20% and not the 41% estimated by the Commission;*
- *A potentially more reliable measure - the number of people actively seeking help from state government problem gambling counselling and referral services - shows about 17,500 accessing such services, with about 31,000 people calling gambling helpline telephone services.*

Given the disparity between the two sets of figures the Association believes that they should be examined by the proposed new Gambling Research Centre and only then should the Government consider whether to proceed down the proposed path of legislated voluntary pre-commitment.

The requirement under the legislation for clubs to be compliant by the end of 2016 will be difficult to meet due to the additional costs of replacing gaming machines well within the normal replacement cycle.

Indeed, it is questionable whether many smaller to medium sized clubs will actually be able to afford the shift to the required technology. Banks have already tightened their lending requirements and it is difficult to see them funding the

purchase of new technology which in itself is aimed at reducing the profitability of venues.

The Bills also come at a time when the latest industry Census released in May points out that there are challenging times ahead for many clubs with 64% having financial viability risk indicators. However, it is encouraging that smaller venues will be given additional time to comply.

The Association would have an expectation that RSL and services clubs which already have voluntary pre-commitment technology installed should not be expected to replace these systems with new ones, given they have already exceeded industry standards in this area and made significant capital expenditure to do so.

In addition to the technology costs there is the additional imposition of a supervisory levy to fund operation of the regulator and a regulatory levy for non-compliance. As pointed out previously, this would appear to run counter to the requirement under the Bills for States/Territories to implement the voluntary pre-commitment.

What is of concern is that the amount of the levy is unknown and will be set by a subsequent regulation. This in effect is another financial impost on the industry at a time when it is facing numerous financial challenges to the operation of its venues. The Association believes the extent of the levy, which in effect is another tax, should be known to politicians and the industry before it is finally voted upon.

The Association remains baffled by the Bill's requirements to reduce the daily withdrawal limit from ATMs in venues to \$250.

While the Association welcomes the exemptions granted to venues where it can be demonstrated that its patrons will be inconvenienced by the arrangements it remains to be seen what impact the withdrawal limit will have on curbing problem gambling.

Patrons intent on gambling will either come to a venue 'cashed up' - and in some cases be forced to withdraw money in unsafe areas - or simply utilise multiple cards to circumvent the limit. Indeed, numerous research indicates that problem gamblers are less likely to withdraw money from ATMs at venues in an effort to hide their problem from family. The measure therefore appears destined to penalise those club patrons who wish to withdraw money for recreational or other purposes.

Again, the Association believes this measure should be examined in more detail by the proposed Gambling Research Centre before a final decision is made.

The implementation of this measure by May 2013 could also be problematical. While the software technology itself is a relatively simple procedure the Association understands that its implementation by the projected date will depend to a large part on the speed at which banks undertake the certification process required.

The Association would recommend to the Committee that further examination of these proposed measures is required before they are voted on by Parliament.

Kind regards

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