



Clubs Australia

Senate Standing Committee on Community Affairs

**Inquiry into the Social Services and Other Legislation Amendment Bill
2013 – Schedule 1 Encouraging Responsible Gambling**

Clubs Australia Submission

9 December 2013

Executive Summary

Clubs Australia supports the amendments to the National Gambling Reform Act 2012 ('the Act') contained in Schedule 1 of the Social Services and Other Legislation Bill 2013 ('the Bill').

Clubs Australia previously submitted that the Act was poorly drafted, heavy-handed and prescriptive, giving the industry and state and territory governments virtually no flexibility in implementing changes to further reduce problem gambling. In Clubs Australia's view, the Act represented an unjustified incursion by the Commonwealth into state and territory government affairs. With the exception of online gambling, state and territory governments have always maintained responsibility for regulation of gambling in Australia and have an excellent record for developing effective harm minimisation.

In our view, the Bill contains amendments that will reduce red tape and remove the unnecessary duplication of regulatory functions between the Commonwealth and state and territory governments. In addition, we fully support the Government's commitment to work together with all stakeholders, including the gaming industry, to deliver meaningful and measurable support to problem gamblers.

Clubs Australia notes that the amendments to the Act contained in this Bill were foreshadowed in the *Coalition Policy to Help Problem Gamblers* announced during the 2013 election campaign and prior to that in the *Coalition Discussion Paper on Gambling Reform* released in 2011. In essence, this Bill fulfils the Government's pre-election commitment to the Australia people on gambling policy.

Clubs Australia supports the passing of this legislation without delay in order to avoid the unnecessary cost and confusion that would be associated with the temporary introduction and then subsequent removal of the \$250 daily ATM withdrawal limits. Under the Act, these obligations are due to commence on 1 February 2014. There would be substantial cost for industry to upgrade ATM software to impose withdrawal limitations, only to have them subsequently removed, and the machines returned to original settings.

Despite industry's best efforts there is also a real risk of widespread non-compliance due to logistical and technological difficulties associated with upgrading the thousand of ATMs operating in licensed venues across Australia in advance of the 1 February 2014 deadline.

Further, we note that the National Gambling Regulator has failed to establish a process for clubs located in regional and rural to apply for an exemption from the ATM withdrawal limits, in accordance with section 43 of the Act, on the grounds that the limits would cause an unreasonable inconvenience to members of the community. Without the immediate passage of this legislation people in remote and regional communities across Australia could be left without appropriate means to access more than \$250 of their own money.

Introduction

Gambling is an enjoyable recreational pursuit for millions of Australians and provides significant social and economic benefits to the community in terms of entertainment, employment, taxation revenue and funding for social and sporting infrastructure and community organisations. In its 2010 report, the Productivity Commission found that the net social benefits of gambling in Australia, after accounting for the social costs of problem gambling, ranged between \$3.7 billion and \$11.1 billion annually.¹ However, for a small minority of people, excessive gambling causes harm, for themselves and for their families.

The gambling industry has worked cooperatively with state and territory governments for many years to implement proven, cost effective harm minimisation policies, which have resulted in falling problem gambling prevalence rates². Australia is a global leader in gambling harm minimisation, and has among the lowest problem gambling prevalence rates in the world.

Clubs Australia remains committed to working constructively with all levels of government to find effective ways to further reduce the rate of problem gambling.

National Gambling Regulator

Of course, poker machine regulation has always been the responsibility of the State Government ...

Mr Andrew Wilkie MP – ABC Radio Hobart, 2 October 2013

In Clubs Australia's view, the establishment of a National Gambling Regulator represented an unjustified incursion by the Commonwealth into state and territory government affairs. With the exception of online gambling, state and territory governments have always maintained responsibility for regulation of gambling in Australia and have an excellent record for developing effective harm minimisation in this area.

In particular, the regulatory regime adopted by state and territory governments with respect to poker machines is world class: every aspect of their design is scrutinised for its potential to exacerbate problem gambling and a wide range of requirements is placed on operators to the responsible conduct of gambling (see Appendix A).

¹ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra p.48

² Productivity Commission 2010, *Gambling*, Report no. 50, Canberra p.5.37

State and territory governments have not been idle when it comes continuing to progress effective reforms to reduce problem gambling.

For example, the Victorian Government has already legislated for the introduction voluntary pre-commitment, removed ATMs from licensed premises and committed \$120 million to the Victorian Responsible Gambling Foundation. The NSW Government has signed a Memorandum of Understanding with ClubsNSW, the peak industry body, to introduce venue-based voluntary pre-commitment, has committed \$48 million in funding for problem gambling counselling services and recently announced a wide ranging Parliamentary inquiry into the impacts of gambling. The South Australia Government has legislated to introduce a range of new harm minimisation measures over the next decade including reducing the maximum bet, ATM and EFTPOS withdrawal limits, automated risk monitoring systems, advanced staff training and dynamic on-screen messaging.

The club industry has also been proactive in engaging in self-regulation with respect to minimising the harm caused by problem gambling. Last year, Clubs Australia released its own policy for further reducing problem gambling entitled *Part of the Solution: Clubs Promoting a Culture of Responsible Gambling*. The policy was supported by a national television advertising campaign, that we understand to be the first ever nationwide television campaign promoting responsible gambling in Australia (for more details see www.partofthesolution.com.au).

In addition, ClubsNSW recently completed the rollout of its world leading multi-venue self-exclusion system to all clubs and funded counselling services across NSW. The program allows a problem gambler to self exclude from multiple venues in a single online application, either at the venue or in the presence of a gambling counsellor. Further, following a successful 12-month trial at the Mingara Recreation Club on the NSW Central Coast, ClubsNSW is working with the Salvation Army to establish a state-wide, club chaplaincy program. The program will see Salvation Army officers available in clubs to discuss a wide range of issues with patrons including those issues that are often the cause of problem gambling such as depression, anxiety, divorce or bereavement. Chaplains will also, where appropriate, screen patrons for problem gambling and advise them of specific gambling treatment options. Finally, ClubsNSW has recruited National Rugby League legend Nathan Hindmarsh to lead a campaign encouraging people, particularly young men, who are experiencing problems with their gambling to ask for help.

Clubs Australia submits that the progress made by state and territory governments, together with industry, in developing effective measures to reduce problem gambling have been exemplary. Therefore, in our opinion, there is no justification to require the Commonwealth to fund a National Gambling Regulator.

In our view, the National Gambling Regulator serves only to create an additional layer of bureaucracy that increases the regulatory burden on clubs without providing any tangible benefits in reducing problem gambling. In fact, there is evidence that the additional bureaucracy actually impedes effective gambling regulation:

There has been no commitment from [the Commonwealth] that it will not interfere with state-based technical decisions regarding the roll out of pre-commitment technology.

In these circumstances, it is cost prohibitive to require Victorian gaming venues to roll out intra-venue pre-commitment technology by 2013, particularly where there is no guarantee that such technology will not have to be ripped out and replaced in its entirety.³

Clubs Australia supports abolishing the National Gambling Regulator and the associated supervisory levies and returning the primary responsibility for the regulation of gambling to the State and Territory Governments.

Voluntary Pre-commitment

Clubs Australia has long been on the public record as supporting the introduction of voluntary pre-commitment technology into every gaming venue across Australia, a position supported by all state and territory governments. In our view, the state and territory governments, as the principal regulators of poker machines, are more than capable of managing the implementation of voluntary pre-commitment without the need for detailed Commonwealth legislation.

Clubs Australia submits that the current prescriptive approach to voluntary pre-commitment contained in the Act, which imposes uniform timelines and conditions on all states and territories, is counter-productive. There is significant disparity among the states and territories with regard to resources and timeframes needed to implement voluntary pre-commitment, a fact acknowledge by the Productivity Commission:

³ Statement from Coalition Government spokesperson, 5 February 2012, <http://www.premier.vic.gov.au>

[T]he transition to a full pre-commitment system may take more time in some jurisdictions than others (or would impose a differential cost).(p.10.38)

Clubs Australia believes the collaborative approach proposed in the Bill represents a significant step forward towards the effective implementation of voluntary pre-commitment across gaming machines in Australia.

Clubs Australia supports the development nationally consistent voluntary pre-commitment scheme with the requisite flexibility to allow the Commonwealth, State and Territory Governments and the gaming industry to work together to develop a realistic timetable for its implementation.

ATM Withdrawal Limits

Clubs Australia would like to impress upon the Committee the importance that the Bill be passed prior to the 1 February 2014 deadline for the introduction the \$250 daily withdrawal limits on ATMs. This is required to avoid the unnecessary cost and confusion that would be associated with the temporary introduction and subsequent removal of the daily withdrawal limits.

If the Bill is not passed prior to 1 February 2014 venues will be forced to absorb the costs of upgrading their ATMs to be compliant with the withdrawal limits contained in the Act. Assuming the Bill is subsequently passed, venues will be forced to absorb further costs to make the necessary upgrades to remove the ATM withdrawal limits.

In addition, to the costs associated with upgrading the ATM significant resources will be required to educate patrons about the changes to ATM withdrawals. Should the Parliament reverse these changes within a matter of months or days from their introduction this is likely to create widespread confusion among consumers.

Further despite industry's best efforts there is also a real risk of widespread non-compliance due to logistical and technological difficulties associated with upgrading the thousand of ATMs operating in licensed venues across Australia. Clubs Australia has previously raised concerns with respect to the significant challenges associated with meeting the tight timeframes specified in the Act. We understand that there is a high likelihood that a large number of venues will not be position to have upgraded their ATM to be compliant with the Act prior to 1 February 2014.

Clubs Australia also has particular concerns about the potential impact on regional and rural communities where the only ATM in the community is often located within a club. The Act makes provisions for venues to apply to Regulator for exemptions to the ATM withdrawal limits on the grounds that it cause unreasonable inconvenience to members of the community where the premises are located. However, to date the Regulator has failed to establish a process for applying for such exemptions; as a result members of communities where the only ATM is located in licensed premises will be unfairly deprived of the facility to access more than \$250 of their own money in cash.

Clubs Australia notes that the amendments to the *National Gambling Reform Act 2012* contained in this Bill were foreshadowed in the *Coalition Policy to Help Problem Gamblers* announced during the 2013 election campaign and prior to that in the *Coalition Discussion Paper on Gambling Reform* released in 2011. In essence, this Bill fulfils the Government's pre-election commitment to the Australia people on gambling policy. Therefore, Clubs Australia believes that there has been ample time for public debate regarding these issues and that quick passage of this legislation is warranted given the potential impacts of a delay.

Clubs Australia supports the passing of this legislation without delay in order to avoid the unnecessary cost and confusion that would be associated with the temporary introduction and then subsequent removal of the \$250 daily ATM withdrawal limits.

Appendix A

Restrictions on Poker Machine Design Features

The following requirements are part of the *Gaming Machine National Standards* and *NSW Gaming Machines Prohibited Features Register*:

- Minimum return to player percentage
- Maximum bet, prize and cash input limits
- A ban on auto-play
- A ban on misleading display of results (e.g. falsely indicating a player just missed a jackpot)
- A ban on features that give the player an illusion of control over the outcomes
- Prize probability limits
- Limits on payout volatility
- Display of clocks
- A ban on non-linear pay tables
- A limit on the maximum number of free spins
- A ban on depictions of real money (e.g. \$50 notes)
- Restrictions on game names and themes
- A ban on player inducement messages (e.g. 'try again', 'have another go')
- Restrictions on advertising the maximum prize
- Further restrictions on the return to player for multi-denomination games
- A ban on requiring ante-bets to be eligible for jackpots
- Restrictions on button panel layouts
- Limits on ante-bets for feature games
- Restrictions on minimum bet (minimum bet should be 1 credit)

Harm Minimisation and Responsible Conduct of Gambling Regulations

The following regulations are common across all Australian jurisdictions:

- Advertising restrictions or bans
- State-wide caps on the number of poker machines
- Social impact assessments prior to an increase in poker machine numbers
- Restrictions on minors accessing gambling
- Bans on inducements (e.g. free alcohol)
- Bans on credit gambling
- Payment of large prizes via cheque
- Restrictions on the locations of ATMs
- Mandatory shutdown periods
- Restrictions on cash promotions
- Self-exclusion schemes
- Provision of information about problem gambling help services
- Compulsory responsible gambling training for staff
- Clocks on gaming machines
- Signage creating awareness about the risks of excessive gambling