



Committee Secretary  
Joint Select Committee on Gambling Reform  
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Dear Committee Secretary,

ALH Group (ALH) welcomes the opportunity to comment on the Gambling Reform – Inquiry into the Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012.

ALH operates 323 hotels and over 450 retail liquor outlets across Australia employing over 16,000 people. These venues offer a diverse hospitality experience including electronic gaming, lotteries, sports bars, bistros, restaurants, cafes, retail liquor, accommodation, nightclubs and wagering.

ALH is one of Australia's largest hotel groups. ALH owns around 4% of hotels in Australia and these hotels operate about 6% of Australia's poker machines. ALH is engaged in a range of initiatives aimed at tackling problem gambling in a balanced and appropriate manner, and is continuing to develop and pursue new initiatives of this nature.

ALH positions its venues at the family and community level; as such they are frequently the hub of a local community - a meeting place for friends, family and social and community groups.

ALH is a joint venture between Woolworths Limited (75%) and the Mathieson family (25%). Due to our long experience in these areas, we are well-placed to inform the inquiry from a retail perspective.

### **Responsible Gambling and Regulation**

ALH recognises that problem gambling is a serious community issue and ensure we take our obligations to promote responsible gambling very seriously. Our hotels are professionally managed within strict guidelines to ensure we achieve our stated objective to be the most responsible hotel operator in the country.

- Problem gambling is a complex social issue, requiring an integrated package of measures from the Federal Government that are implemented with strong cooperation from the State and with support from the hotel and gaming industries and the wider community.
- The objective common to each of these stakeholders is to minimise the level of problem gambling while at the same time preserving the utility of responsible gamblers.

Industry 'self-regulation' has been an important contributor.

ALH believes real progress has been made in reducing the prevalence of problem gambling in Australia over the past decade and notes that:

- Spending on electronic gaming machines has declined since 1999 as a percentage of household disposable income;
- The Productivity Commission estimates that between 0.5% and 1% of adult Australians are problem gamblers;

ALH is concerned that regulatory landscape has become very uneven and;

- Traditional hotel and club venues have been subject to more heavy-handed regulation than other forms of gambling and emerging on-line gaming products;
- Regulatory unevenness is causing migration to less regulated gambling products;
- Gambling products offered on-line and over the telephone may need to be subject to an even stricter level of regulation due to the lack of physical interface and the inability to apply traditional responsible service of gaming measures.
- Gambling policy is highly politicised, a formal regulatory impact framework would ensure more economic rigour and less subjectivity in policy making;
- Anecdotal evidence or prima facie cases are insufficient to support the introduction of policy measures;
- A regulatory impact statement approach would examine policy objectives, alternative ways to achieve those objectives, and evaluate the social costs and benefits of proposed policy measures;

ALH believes that proposed policy measures to combat problem gambling should be supported by robust scientifically-based evidence and research.

There is no conclusive evidence that the proposed measures in the Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill will reduce problem gambling.

Similarly, the proposed measures will not affect any other legal and widely available forms of gambling on which there are no betting limits.

### **ALH and Responsible Gambling**

**ALH recognises that problem gambling is a serious community issue and we take our obligations to promote responsible gambling very seriously. Our hotels are professionally managed within strict guidelines to ensure we achieve our stated objective to be the most responsible hotel operator in the country.**

ALH believes responsible gambling is the only acceptable form of gambling. As a result we exceed our legal and regulatory obligations in terms of how we manage our hotel and gaming operations.

For example we;

- Conduct comprehensive training, including additional, mandatory full day training for hotel managers and key gaming staff at hotels;
- Have a Hotel and Gaming Charter and conduct rigorous internal and external audits to ensure that its standards are being adhered to;
- Are in the process of screening and separating gambling areas from other areas of its hotels so they are not visible to children;
- Partner with expert groups including Gambler's Help in each State to provide counselling services to patrons; and

These measures are in addition to numerous Federal and State regulations aimed at reducing problem gambling such as:

- Providing a self-exclusion program at each venue;
- Training all staff in the responsible service of gambling products;
- Only paying large wins to patrons by cheque;
- Having limits on amounts that can be withdrawn from ATM and EFTPOS facilities;
- Not allowing gamblers to use credit when gambling;
- Not locating ATMs in areas set aside for gambling. In Victoria, in line with regulatory requirements, no ATMs are located in venues with poker machines;
- Providing information on counselling services to all patrons; and
- Imposing advertising restrictions on material promoting gambling.

ALH hotels provide safe, professionally managed, family friendly environments that are properly supervised. For example, there are more than 10,000 CCTV cameras at the Company's hotels to monitor the behaviour of patrons. The Company also employs a much larger number of security staff than is legally required to ensure the safety of its patrons.

For the past five years the Company has worked with former high-profile AFL footballer David Schwarz, a reformed problem gambler, as the Company's Responsible Gambling Ambassador.

David provides education for hotel staff and raises awareness among patrons about the importance of "asking for help if your gambling becomes a problem". Interested community groups, welfare agencies and local government representatives are invited to attend many of these meetings.

David's role also includes being available for ALH staff to discuss any gambling problems they or their families and friends may be experiencing.

In addition to complying with extensive regulatory requirements in each jurisdiction, ALH participates in many State and local government working groups to assist in identifying and developing appropriate responsible gambling initiatives which are designed to reduce the level of problem gambling and was a member of the Federal Government's Ministerial Expert Advisory Group on Gambling.

**ALH is an industry leader in dealing with problem gambling. All poker machines at hotels owned by ALH will be modified so that patrons can set limits on how much time and money they spend gambling. All our poker machines will comply with this system by 2014, two years before the Federal Government proposes to introduce it nationally.**

The Federal Government and the Productivity Commission agree that pre-commitment schemes could be one of a package of reforms that may help reduce problem gambling in Australia.

While the Federal Government has proposed that such a scheme should be operational by 2016, ALH will introduce this initiative by January 2014. By then, all poker machines at the ALH hotels will be modified so that patrons can elect to set limits on how much they gamble.

This means ALH will be the first national operator of hotels to implement this reform and the Company will do so two years ahead of the date proposed for its introduction by the Federal Government.

**Problem gambling is a complex social issue, requiring an integrated package of measures from the Federal Government that are implemented with strong co-operation from the States and with full support from the hotel and gaming industries and the wider community.**

ALH recognises that problem gambling is a serious community issue and that a small proportion of people are harmed by their gambling activities.

While problem gambling is not restricted to one form of gambling, we recognise that poker machines may be an addictive form of gambling for certain people.

ALH believes that the hotel and gaming industry as well as Federal and State Governments, communities, families and individuals have a shared responsibility to tackle problem gambling. It is only through concerted and co-ordinated action by all parties that efforts to address problem gambling will be effective.

ALH believes individuals have the right to choose to gamble as a legal and legitimate form of social activity and entertainment.

**Problem gambling affects all forms of gambling and is not restricted to poker machines.**

To date, no clear political or community consensus has emerged about the best way to tackle problem gambling.

In its 2010 report the Productivity Commission issued a wide range of observations and recommendations. The report said:

*“A key challenge is to identify policies most likely to be effective in reducing the harms associated with gambling, while preserving most of the benefits. This is a complex task for public policy. The coverage and design of regulation require particular care to ensure that the benefits exceed the costs, and that account is taken of what is often imperfect evidence.”*

The Productivity Commission also found that:

- Gambling is a common recreational pursuit for many people, with around 70% of Australians participating in some form of gambling in the year before the report was published;
- Hotels derive about 28% of their income from gambling, while clubs derive about 61% and casinos about 78% of their income from gambling;
- Gambling accounts for about the same amount of household expenditure as sales of alcohol;
- Most people gamble responsibly, enjoy gambling and are not harmed by it;
- Problem gambling can often be a symptom, with people who are identified as problem gamblers often also suffering from other problems such as other health problems, unemployment, financial distress, relationship issues or psychological problems;

ALH shares the view of others in the community that there is a need for a more effective range of measures to reduce the prevalence of problem gambling and alleviate problems experienced by problem gamblers and their families.

However, ALH believes any such measures should be aimed directly at reducing problem gambling among the small minority of people that are problem gamblers, without at the same time restricting the enjoyment and responsible gambling of the vast majority of people that participate in gambling.

**ALH notes that the Productivity Commission believes that a range of measures are required to address problem gambling and that policy responses need to substantially involve Federal and State Governments.**

The Productivity Commission report also found that, while it was not possible to be definitive, it is likely that the prevalence of problem gambling in Australia has declined over the past decade and that a smaller proportion of the population now plays poker machines regularly.

This is supported by the *Roy Morgan Gambling Monitor* published in August 2012 that showed that the percentage of Australians who had gambled in the last 12 months had fallen – from 76% a decade ago to 62% in 2012.

For example, the *Roy Morgan* report showed that, in June 2012, 53% of Australians had bought a lottery or scratch ticket in the previous 12 months, down from 67% in December 2002, and that 25% of Australians had played poker machines in the previous 12 months, down from 37% in December 2002.

*Roy Morgan* said that its report showed:

*“A gradual decline over the past decade in gambling participation by Australians. All forms of gambling have become less popular, with poker machines showing the steepest decline.”*

At the same time, ALH believes that it is fair to describe the current availability of reliable evidence about problem gambling in Australia as inadequate.

The Productivity Commission report describes gambling as “one of the most regulated industries in Australia” but also found that there was insufficient evidence about the effectiveness of some regulations and that there were different regulations in different States and Territories that did not appear justified. The report said:

*“There are continuing uncertainties about which gambling policies can effectively reduce harm [and that] this is, in part, testimony to insufficient policy focussed research over the past decade...”*

**Additionally, the Productivity Commission acknowledged that, to date, there has not been a systematic national investigation into problem gambling that could provide the basis for a comprehensive and coherent set of Federal and State Government policies to reduce problem gambling.**

In its report the Productivity Commission said:

*“Governments have struggled with the challenges and contradictions posed by gambling.... There is a need for the Australian Government to take a greater leadership role in pushing for, or sustaining reforms.... In addition, it is important that the Australian Government actively engage with state and territory governments in the development of new standards...”*

The Overview section of the Productivity Commission report concludes as follows:

*“In summary, the Commission is proposing a comprehensive, co-ordinated, carefully sequenced package of reforms to gambling regulation [and that] the objectives of the Commission’s proposals are to ... above all ... reduce the harms from gambling while preserving its entertainment value as much as possible. A package of measures is more likely to be effective than any single measure alone.”*

**There is no reliable evidence that the measures in the Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012 will be effective in reducing problem gambling.**

Part of the Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012 would restrict betting on poker machines to a maximum bet of \$1 per button push.

ALH does not accept that such a measure would be an appropriate or effective means of addressing problem gambling in Australia.

Furthermore, while the Productivity Commission commented that there may be “considerable piecemeal evidence available”; in reality there is limited reliable empirical research to support the effectiveness of measures such as imposing maximum bet limits of \$1 per button push.

Moreover, analysis of the 2006-07 Queensland Gambling Prevalence Report indicates that only 5% of those who bet more than \$1 per button push were problem gamblers and that betting limits would have a far greater impact on responsible recreational gamblers, who would have their legitimate, non-problematic activity curtailed.

Problem gamblers could still experience issues with their gambling despite a bet limit 1/5 to 1/10 the size of current values, meanwhile a significant number of recreational gamblers would have their legitimate, non-problematic activity curtailed.

There is also a risk that regulation of one form of gambling would encourage gamblers to migrate to less regulated or unregulated forms of gambling such as online gaming services.

To the best of our knowledge, neither the Federal Government nor any State Government currently supports the introduction of a \$1 maximum bet limit. ALH believes this is because there is a lack of evidence that such a measure would be effective, especially in isolation from other reforms.

Since the Productivity Commission's 2010 report, the Federal Government has developed and put forward a range of other regulatory measures aimed at helping problem gamblers, and a timetable has been established for their introduction.

The Federal Government recently released draft legislation for such a range of new measures. The Government is aiming to require, by the end of 2013, pre-commitment technology to be available on every gaming machine made in or imported to Australia, and, by the end of 2016, all machines to be part of a State-linked pre-commitment system.

Pre-commitment technology would allow gamblers to set limits on the amount of time and money they spend gambling before they commence gambling on a poker machine. The draft legislation also calls for a trial of mandatory pre-commitment technology to be implemented so that its effectiveness can be evaluated.

The Federal Government is also proposing that, by the end of 2016, poker machines display electronic warnings that would alert gamblers to how much they are spending and are likely to spend during their current gambling session.

The draft legislation also envisages that, by 1 February 2013, a \$250 daily withdrawal limit on ATMs in gaming premises will be imposed, except in casinos and in communities where this may cause unreasonable inconvenience.

ALH believes these measures have merit and are worth evaluating in more detail.

ALH has been trialling pre-commitment technology and will introduce the system on all of its poker machines nationally by 2014, two years before the Federal Government's proposed timetable for its introduction.

This initiative is consistent with the recommendations of the Productivity Commission, which proposed a staged approach to reform commencing with the introduction of partial pre-commitment and a concurrent trial of full pre-commitment, with the co-operation of the States.

## **Summary**

ALH owns of around 4% of hotels in Australia and these hotels operate about 6% of Australia's poker machines. ALH is engaged in a range of initiatives aimed at tackling problem gambling in a balanced and appropriate manner, and is continuing to develop and pursue new initiatives of this nature.

ALH hotels exceed the regulatory requirements that govern the operation of poker machines and are committed to be the most responsible hotel and gaming operator in Australia.

Yours/Sincerely,

**David Curry**  
General Manager  
Government and Corporate Relations