

FEDERAL PARLIAMENT INQUIRY

Parliamentary Joint Select Committee on Gambling Reform Inquiry into Pre-Commitments Scheme

Submission from

CLUBS VICTORIA

30 January 2011

Level 2
19-21 Argyle Place South
Carlton
Victoria 3000

Richard Evans
Executive Director

Table of Contents

Executive Summary	3
General remarks and observations	6
Industry Concerns	9
Weaknesses in the Current Inquiry	10
Recommendations	11

Executive Summary

There must be a verified need for change

Clubs Victoria is the peak industry body for licensed community clubs in Victoria representing the 1100 club sector with over 350 clubs as its members. It retains the view that gaming machines usage is over regulated; but it is supportive of the state government regulatory environment in which its member clubs operate as it provides certainty.

It is Clubs Victoria's view that no other sector of gambling has been investigated as much as electronic gambling machines (EGMs) and it is important to question why this is the case as this may provide the answer how to resolve the angst that exists within abolitionists.

All stakeholders within the sector be they clubs, hotels, Crown Casino, 2.7 million club members, club employees, financiers, consultants in their various forms, academics and others including media and indeed politicians share a genuine desire to ensure the protection for those with a gambling problem prevails. The State Government of Victoria has established a regime which includes a Responsible Gambling Code to provide important protection for gamblers, and the Victorian Commission of Gambling Regulation has been an effective regulator to ensure compliance.

Problem gambling within the EGM sector, normally driven by a perception of unfairness to the player, takes an inordinate degree of overstatement. In recent times these overstated commentaries have taken on supporters seeking changes to a legislative regime which already provides fairness and support.

A government cannot legislate for abolition of EGMs or prescribe mitigation of poor personal decisions. What it can do is set the rules and allow the market to work. On any measurement gambling in Victoria is responsible. The clear majority of stakeholders subscribe to the law. Yet there are some who sincerely believe that the law and codes of practice do not protect gamblers from supposedly immoral and seductive electronic gaming machines

It is reported that Australia's level of problem gambling is less than 0.7% of the adult population. The reported level of problem gambling continues to fall, and is at historically low levels notwithstanding the substantially increased high profile of the political commentary suggesting it is growing.

Clearly from any statistical measurement community clubs in Victoria provide a valuable social asset yet their work is threatened by political angst usually driven by a few disaffected abolitionists via media and other political campaigns which continues to raise uncertainty.

Clubs Victoria supports yet another review of the sector for it is convinced that the Inquiry will find nothing systemically wrong with the sector's regulation which is a threat to problem gamblers.

Current problem gambling issues

Current research and anecdotal evidence from those associated with gambling confirms that the level of problem gambling is low, indeed less than 0.7% of the adult population. Research from Sydney University confirms there is no causal evidence linking problem gambling with EGMs and thus the issue is not one for regulatory resolution; rather gambling addiction is a health issue and policy should be developed within this portfolio to overcome the incidence of problem gambling, not more machine regulation.

It is the view of Clubs Victoria that gambling is highly regulated within the EGM market and there has been no government attempt to limit, by comparative regulation, other forms of gaming.

Recent examples of gambling promotion with zero prospective government regulation to mitigate problem gambling include;

- Betting suspended on the announcement of the Australian of the Year as betting plunges on candidates prompted gambling promoters to be concerned about prior notice;
- The Australian Poker Millions being played by sporting role models and reported in the daily press as general news when they lose. Entry to this so called tournament (misnomer) was reported as \$10,000 with the winner receiving \$2 million.
- The interruption of cricket broadcasts to advertise the current betting on the televised game during child watching hours;
- The use of the scoreboard during AFL games to promote telephone betting whilst children are present;
- The sponsorship of sporting clubs by betting agencies;
- The glamorisation of horse racing and thus wagering during the various Spring Carnivals linking gambling to lifestyle;
- The promotion of various lotteries with multimillion dollar prize pools with lesser odds than EGM use to draw in gamblers;
- On line gaming which is not regulated and is dangerously anonymous.
- Various raffles, scratchies, games of chance and other forms of gambling such as ANZAC Day two-up which has limited regulation yet with receives strong promotion.

From these examples it seems the only poltergeist of gaming sin is the electronic gaming machine, where abolitionists do not consider that they can be played by the vast majority of Australians for recreation.

Clubs Victoria remains concerned political campaigns continue seeking to change the law and regulation on EGMs when there is no substance to the need for policy change.

There may be a case to improve the health and education programs to support problem gamblers as there should be in any addictive behaviour but these programs should not focus on community clubs and their EGMs, rather programs should focus on problem gamblers and the various forms of gaming they use to the detriment of themselves and their family.

Clubs Victoria would welcome the opportunity to address any queries arising from our submission, or to respond to matters raised by any other submissions.

Clubs Victoria strongly supports the submission provided by Clubs Australia.

General remarks and observations

Background to Inquiry

It is clear that a myth permeates about the seductive affect of electronic gaming machines and the manner in which players are exposed to weakening of their decision making to know when to stop playing. It seems these machines are categorised as sinful to the economic health of many Australians and they must be stopped.

"I say enough is enough. The debate is over. These machines are unsafe and need to be removed from the community."

Senator Nick Xenophon, Parliament, 27 August 2008

Indeed, whilst it might be proper for an Australian Senator to suggest that the machines are unsafe the Senator is yet to prescribe just exactly how these machines are unsafe. Logic suggests that it is indeed not the machine that is unsafe as suggested by the Senator as machines do not create an unsafe environment. Sydney University studies have confirmed there is no causal affect gaming machines have when it comes to the study of gambling addiction.

It is too easy and lazy policy development to blame the machines only and since their introduction Inquiry after Inquiry recognises that it is not the machine but the player who is gambling that is at risk.

The recent Productivity Inquiry recommended various actions to which the Government subscribe yet another Inquiry was forced upon the sector by abolitionists who cannot accept the current laws and regulations in Victoria are adequate to the extent they require too much compliance activity.

Yet amongst all of the responsible gaming programs; the government compliance and regulation programs; the money invested in gambler help program there are still some within the community who want to regulate even further a higher regulated gambling sector. They want prohibition of EGMs yet remain silent on the other forms of gambling, particularly the insidiously and anonymous online gambling.

Yet, and a question has to be raised, why electronic gaming machines and not the other proliferate forms of gambling that problem gamblers are exposed. Why have electronic gaming machines been targeted when there is little evidence of abuse? Why not other forms of gaming promoted constantly on all forms of media when electronic gambling machines have extreme restrictions on their promotion?

So Clubs Victoria will support yet another Inquiry with the hope that evidence based policy is the outcome similar to the economic based Productivity Commission which provided a valuable report without the political speak and bias of the abolitionists.

Is there a problem, and what is the best solution?

The important question to answer within this Inquiry is whether there is a problem with problem gambling within the community clubs of Victoria. Clubs are community centres and provide various social assets to the broader community. To sustain themselves some

clubs decided to add electronic gaming machines to their member offering to help support revenue and the demand for greater facilities.

Is it the Inquiry's intent to suggest a Returned Services League Club with EGMs is responsible for problem gambling and that they are addicted to the revenue provided by their members who play the machines recreationally? If it is then we would welcome evidence to support this notion.

Clubs in Victoria have a strong history of working with the State Regulators to provide support to programs to reduce the incidence of problem gambling on their premises, if indeed such a problem exists within their club.

Clubs in Victoria provide numerous community assets not normally supported by government funding including community transport, childcare facilities, aged care support, sporting infrastructure and they continually provide for the needs of many disadvantaged within the community.

"The amount of good (clubs) do is often grossly exaggerated by the industry. There is not nearly as much going back into the community as some of these clubs would have you believe."

Mr Andrew Wilkie MP, in Narrabri, 6 December 2010

We wonder if Mr Wilkie has had time to reflect upon this comment given the recent natural disasters that Australia has experienced and the central role clubs have played with direct support and financial donation.

Clubs play an important role in the social structure of the community yet they are judged on their use of electronic gaming machines to provide revenue so that their work can continue. This judgement vilifies the 2.7 million club members and the thousands of volunteers working to support their club.

A question to ask is – will government replace revenue to clubs to continue to provide their social asset and infrastructure if they decide to take the abolitionist approach to reducing revenue via mandatory pre-commitment?

In Clubs Victoria's opinion problem gambling is a personal tragedy as is any addiction. However, there is little evidence to support mandatory pre commitment as the solutional panacea to the supposed problems of gaming machine abuse. To suggest, as Minister Macklin did recently, electronic gaming machines are the evil tools to destroy family and social fabric is to ignore the powerful health issues of addiction. Nowhere in Minister Macklin's speech was a reference to health, the need for health support and indeed health intervention strategies as there are for other addictive behaviours.

Therefore it seems to Clubs Victoria that some politicians and other abolitionists chant an easy solution to the complex health problem of addiction. No commentary supports greater health intervention, only a mandatory pre-commitment regime which will increase regulatory compliance cost for little if any benefit to the small problem gambling sector.

A problem gambler has an addiction issue. If they are denied access to electric gaming machines this addiction will be fulfilled in other forms of unregulated gambling. So

without any social benefit to the 99.3% of Australian adults without a gaming problem will be required to expose themselves to regulation and compliance. Anecdotal history would indicate that Australians reject formalised regulations thus the logical conclusion is that revenue will be significantly reduced for clubs; thus services and employment will be proportionately reduced within Victorian community clubs.

Will government replace the reduced revenues? The answer clearly is no. So the end result for no societal benefit will be a reduction in club services; the possible closing of clubs; the reduction in club employment and a diminishing of community assets.

If there is a problem with problem gambling in community clubs, what is the nature of the problem, how big is it and how is it best resolved? Is it significant enough to change the entire regulatory regime? Or would education and improved health services provide a better solution?

Increasingly Clubs Victoria finds education is the most important factor in supporting members and the broader community. Clubs have actively focused on educating staff about best practice for responsible gambling, and those initiatives are ongoing.

The task of the Government, and by implication those that provide recommendations to Government, is to provide a framework for market success that supports the free market economy and allows a personal gambling behaviour of choice. The best framework is to support the voluntary pre-commitment process. This regulation regime should be strongly supported by health programs focused on supporting those 0.7% Australians who are afflicted with addiction.

It is not the role of Government to make decisions for individuals, or indeed to sit in judgement and apportion blame for incorrect gaming decisions. That is the role of the individual who enters the gaming market. Just as a gambler is not expected to deliver back to the gaming venue their winnings, so the government has no natural right to blame the venue and its electronic gaming machines for the players losses.

Gambling is not risk free

By any measure it is widely agreed that gambling is risky. Entering into a game of chance no matter the form can either provide a win but more than likely there may be a loss. Australians gamble and do so through various forms be they formal gambling games or indeed risking capital on the stock market. Yet it seems the only gaming product that is considered a poltergeist is the electronic gaming machine. The Responsible Gambling Code has helped reduce risk but the risk still remains and there is no guarantee of success. Yet Australians like it and the numbers using EGMs indicates the clear majority do so recreationally.

No amount of legislation or Codes will protect a problem gambler from failure. Indeed there is an entire sector that supports gambling losses. Gamblers cannot firewall themselves from losses and it is a false premise to think otherwise.

The State Government in consultation with the gaming and club sector, enforce harm minimisation measures and a code of practice that have been shown to be cost effective and successful at reducing the prevalence of problem gambling.

These measures include:

- Self-exclusion programs
- Controls and restriction of the content, placement and conduct of advertising, promotions and inducements
- Restrictions on gaming machine features, including maximum spins, bets and free games, restrictions on misleading information and non-linear pay tables and mixing high and low denominations
- Readily available consumer information resources, including information on the nature of gambling, the odds of winning, recognition of problem gambling behaviours and information regarding where to source appropriate support and treatment for problem gambling
- Mandatory lighting, clocks and signage to increase customer awareness of both the passage of time and responsible gambling practices
- Breaks in play via mandatory shutdown periods
- Caps in the number of electronic gaming machines in clubs jurisdiction-wide
- Payment of prizes by cheques and restrictions and soon the abolition on the use of credit in venues
- Restrictions on the service of alcohol
- Access restrictions for minors
- Access restrictions for adults intoxicated by either alcohol or drugs.

It should be recognised the cost of compliance is already quite high for community clubs, and any changes at all will add to the cost. Therefore increased compliance cost in a sector already burdened with Government compliance should be carefully considered before recommending change. Change will create costs and given there is no current technical solution to the many variables within pre-commitment, these costs will be significant.

Industry Concerns

Clubs Victoria is pleased community clubs can provide community assets and services to their members and the broader local community. Clubs that retain electronic gaming machines as a source of revenue are Not for Profits. This means they are not using revenue surplus for personal gain, they invest such surplus back into the community ... profit takers do not, and clubs are not profit takers.

The overwhelming nature of media comment about community clubs is positive, although the sector does remain somewhat concerned about the tendency for some media commentators to paint a picture of significant problems associated with problem gambling within community clubs when there is little evidence to support such commentary.

From time to time a vocal minority attract media attention and endeavour to portray the EGM sector as being rife with problems gamblers when the overall majority of electronic gaming machine gamblers are recreational. It is a cause of some frustration that these people, despite what one would have thought would be fairly apparent self-interest, are given coverage. Clubs Victoria hopes that these people, some of whom will no doubt

make submissions to this Inquiry and most of whom actively misrepresent their own experience in the club sector, are not given credibility beyond their due.

Weaknesses in the Current Inquiry

It is the right of the Australian Parliament to inquire into any issues it chooses, either by request from a Minister or by other submission. Whilst the Parliament retains this right it also has a responsibility to move beyond inflammatory rhetoric not based on supportive evidence; but rather, it is incumbent upon the Parliament to provide recommendations to government based upon representative evidence.

It is of concern to Clubs Victoria that the Inquiry remains narrow and is focused on a providing evidence to support a move to mandatory pre-commitment with EGM play when there is little evidence of success supporting such a move from any study in Australia.

The current Inquiry does not focus on the broader issues of helping those 0.7% Australians with a gambling problem and does not examine:

- Health programs which promote self help and self recovery;
- Standards for gambling counsellors funded by government;
- Increasing research to help policy makers improve the management of problem gamblers;
- The impact of other forms of gambling on the incidence of problem gamblers;
- The current poorly structured regulations for online gambling;
- The impact of gambling advertising during key television viewing times;
- The impact upon advertising gambling at sporting events;
- The reason why gaming machines are considered the evil that many do.

Clubs Victoria is of the view that to isolate electronic gaming machines as the only means in which a problem gambler will satisfy their addiction is a folly.

If the Australian Government is serious about providing support for the 0.7% of Australians with a gambling problem then it should consider all matters associated with this addiction.

If this Inquiry is to add significantly to the issue of problem gambling policy then it must acknowledge there are other more spurious forms of gambling than electronic gaming machines.

There is an insidious growth of unregulated gambling that is based online and has ease of access via the phone and this Inquiry to be relevant should at the very least refer to the growth in this sector where problem gamblers will flow if the abolitionists have their way on EGMs.

Recommendations

Determine the extent of the problem and its causes

The danger with any review is that regulatory change will be recommended without proper analysis of the nature and extent of any problem or assessment of the regulatory impact and cost.

Clubs Victoria is philosophically in favour of any improvements to manage the issue of problem gambling and recommend the voluntary pre-commitment model. At the same time Clubs Victoria does not want to see unnecessarily regulation foisted upon the community club sector as a platitude to unsubstantiated assertions from a vocal minority.

Clubs Victoria has seen no evidence that suggests substantive change is required to the pre-commitment regime planned by the Victorian Government.

It is recommended when reporting as to any proposed changes that such report contain an estimate as to the size of the problem that exists and the likely compliance impact.

Education

The Productivity Report identified a number of matters that should be addressed by government including more funds being spent in education platforms to help gamblers understand their potential problem and direct them to relevant health professionals.

Clubs Victoria strongly supports more government funds being released to support increase education initiatives.

Voluntary Pre-commitment

Clubs Victoria supports the current move to voluntary pre-commitment and we agree with the current Victorian Minister when he recently said;

There's a vast distance between making pre-commitment available to any player who wants to use it... and forcing anybody who ever wants to play a gaming machine at any time to have to register with some sort of card and provide personal details or fingerprints in some cases in order to be able to play... [It] is a massive infringement of people's individual rights

(Mr Michael O'Brien, 6 December 2010)

Clubs Victoria recommends that we are allowed to provide voluntary pre-commitment and then study the policy outcomes after a reasonable period of use.