



7 March 2011

Ms Lyn Beverley  
Committee Secretary  
Joint Select Committee on Gambling Reform  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Secretary,

At the public hearing for the Parliamentary Joint Select Committee on Gambling Reform held in Sydney on 4 February 2011, the Committee requested that Clubs Australia provide on notice certain information in relation to Clubs Australia's testimony, as detailed below:

1. Senator Xenophon requested that Clubs Australia provide the number of interventions undertaken through the ClubSAFE program with regard to identified problem gamblers.

In the absence of centralised records Club Australia estimates that there are approximately 4,000 self-exclusion interventions undertaken per annum in NSW Clubs.

2. The committee requested a breakdown of the percentage of clubs' revenue that is attributable to gaming activities relative to other revenue generating activities undertaken by the clubs.

Clubs Australia directs the Committee to section 5.3 of our submission to the Productivity Commission Inquiry Gambling, at pp 99-104, which provides a detailed account of the breakdown of revenue for clubs at a national and state level. The submission can be accessed via the following link:

[http://www.pc.gov.au/data/assets/pdf\\_file/0005/87665/sub164a.pdf](http://www.pc.gov.au/data/assets/pdf_file/0005/87665/sub164a.pdf)

3. Senator Xenophon requested a copy of the documentation that stated that the pre-commitment system trialed in Nova Scotia was determined to be of 'no benefit' to problem gamblers.

The Committee is directed to the Nova Scotia Gaming Corporation's fact sheet published in January 2010 that summarizes the findings of the pre-commitment trial. It states:

"...the Problem Gambler category would not be positively impacted by the concepts associated with the RGD [responsible gaming device] as they have reached a point that the only form of intervention such as treatment or recovery model will be relevant."

The fact sheet can be accessed via the following link:

<http://www.nsgc.ca/files/factsongambling/IPCS%20Field%20Test%20Fact%20Sheet%20-%20January%202010%20FINAL.pdf>

4. Mr Frydenberg requested a copy of the information that has been disseminated to its members in relation to the Government's proposed mandatory pre-commitment scheme.

A copy of the two-page fact sheet that Clubs Australia has been made available to its members is attached.

5. Mr Champion asked Clubs Australia to comment on the effectiveness of a mandatory pre-commitment smartcard in facilitating self-exclusions. Specifically, Mr. Champion was interested in the effectiveness of a smartcard that held the all the player data as opposed to a situation where any player data was stored on central database.

Clubs Australia argues that a problem gambler that seeks to circumvent self-exclusion will also be motivated to circumvent any mandatory pre-commitment technology. If there is no central database of players holding pre-commitment devices, then a gambler would be able to obtain multiple pre-commitment smartcards at venues where they are unknown to staff, and could continue to gamble unabated. Therefore, such a system is unlikely to provide any additional benefits in administering problem gambler self-exclusions.

Even in the case of maintaining a central database containing the personal details of people holding cards, a problem gambler could report an existing pre-commitment smartcard as being lost or stolen and have a replacement card issued in order to continue gambling. Alternatively, unless the pre-commitment device incorporates biometric identifiers, it is possible for a problem gambler to obtain multiple devices through card swapping or on the black market. Further, if as reported the card will allow the user to set very high limits, the problem gambler could set excessive limits.

If the recommendation to include unregistered pre-paid cards to facilitate recreational gamblers of \$20 or more is followed, then it is possible a problem gambler could attend multiple venues and obtain a pre-paid card at each venue which could easily total hundreds of dollars expenditure in a single day. Such pre-paid cards could be available for bulk purchases on the black market.

Unless a mandatory pre-commitment device is applied to other forms gambling it will not prevent a problem gambler from engaging in other forms of gambling to feed an addiction such as Lotto, Keno, Scratchies, TAB, Sports Betting, online poker and online casinos.

Finally, a pre-commitment device cannot offer a problem gambler struggling to control addiction the emotional support and guidance professional treatment provides to assist them to overcome their problems.

I would also like to advise there is a mistake in the Hansard transcript. At page 77, Mr Landis is quoted as discussing "medical" payout rates. This should state "mathematical" payout rates.

Yours faithfully

Anthony Ball  
Executive Director



# Clubs Australia

## **FACT SHEET ABOUT THE GOVERNMENT'S PROPOSED CHANGES TO GAMBLING POLICY**

In June 2010, Clubs Australia supported the Government's response to the Productivity Commission report that proposed a voluntary system of pre-commitment, promised consultation with industry and advised an assessment of the costs and benefits of any proposed measure would be made.

Clubs Australia strongly opposes the deal on gambling with Mr Wilkie because it breaks a commitment of the Government to develop effective policy through consultation.

### **Mandatory pre-commitment treats all players as problem gamblers.**

- Mandatory pre-commitment cards are a licence to gamble for all poker machine players.
- The cards will discourage recreational players who do not want to register and who oppose player information being stored on cards on privacy grounds.
- Professor Dick Mizerski (UWA) analysed the Productivity Commission data and found poker machine spending behaviour followed the same pattern as other frequently purchased consumer goods. He concluded that the evidence did not support any attempt to drive down the level of problem gambling by severely limiting regular gamblers' access to gambling.
- Pre-commitment will not target or help problem gamblers.

### **There has been no cost-benefit analysis of mandatory pre-commitment.**

- The implementation cost on all 200,000 poker machines in Australia is estimated to be between \$600 million and \$5 billion, being \$3000 to retrofit each machine or \$25,000 for new machines.
- Maintenance on the proposed system would cost an additional \$1 billion each year.
- Based on a trial of similar pre-commitment technology in Quebec, Clubs Australia estimates that if mandatory pre-commitment is introduced club revenue could fall by as much as 30% or \$1 billion per year in NSW clubs alone.
- In NSW this would see a consequential loss of 11,500 jobs, loss of \$820 million from the broader NSW economy and force the closure of clubs (KPMG finding).
- These figures would at least be doubled when extrapolated to clubs in other states and territories.

### **Pre-commitment is a method of consumer empowerment, not a solution to problem gambling.**

- It can assist players to keep track of their spending and time at the machine, by setting limits if they choose to do so.
- It will not help problem gamblers, who will find other ways to satisfy their addiction.
- Clubs Australia supports the development of a system of pre-commitment in consultation with stakeholders, which is voluntary for players and cost-effective.

**Problem gambling is an addiction.**

- Problem gamblers are not defined by how much they spend at poker machines, but whether they spend more than they can afford.
- Problem gamblers are aware of how much money and time they spend at machines, but continue to play anyway. Problem gamblers will always find a way to gamble, including on the TAB, the casino, or the internet.
- Problem gamblers need treatment, through intervention and counselling.

**There is no precedent for Australia to follow.**

- Norway is the only country in the world which has introduced mandatory pre-commitment.
- The Government has a state monopoly over all forms of gambling in Norway, and paid for the removal in 2007 and replacement in 2008 of just 10,000 machines.
- The machines are networked and monitored by a central database. When players register, they must show their Government ID card. Player account information is stored on a central server.
- In November 2008, SINTEF (Scandinavia's largest independent research organisation) found no change in the proportion of problem gamblers in 2008 compared to 2007, despite the fact that all poker machines were removed from the market. It found that problem gamblers switched from poker machines to internet gambling when the machines were removed.<sup>1</sup>

**\$250 daily withdrawal limits from ATMs are unnecessarily restrictive.**

- The proposed maximum daily withdrawal limit of \$250 from club ATMs will negatively impact all visitors to clubs, not just gamblers.
- Problem gamblers can already request their financial institution to limit their daily ATM withdrawals for all their accounts, applying to all ATMs in the country.
- About 25% of Australia's 26,500 ATMs are located in a club or pub, comprising \$9 billion in withdrawals per year.<sup>2</sup> People who use ATMs in clubs mostly use the money for food (76%), drinks (70%), spending money outside the club (70%), gambling (35%) and cigarettes (17 %).
- In regional areas with bank branches closing, the club often has the only ATM in town. Crescent Head Country Club, on the NSW North Coast has the only ATM within 20km.
- Many club patrons use ATMs at the club because it is considered safer and more convenient than using a street ATM.

**Problem gambling prevalence rates are already falling.**

- In NSW, rates halved from 0.8% in 2006 to 0.4% in 2008 (NSW Population Health Survey).
- In NSW, calls to G-line, the Government's telephone help line for gambling, fell from 12,300 in 2002, to 6,100 in 2009, despite substantial marketing of the service, including in venues.
- The Queensland Government has conducted four surveys over seven years from 2001, and found a systematic decline in adult prevalence rates, from 0.83% to 0.37%.
- Gambling comprised 3.1% of household consumption expenditure in 2008-09, down from 3.9% in 1998-99.

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<sup>1</sup> <http://www.sintef.no/uploadpages/218303/a8499.pdf> at p3 of the report (summary in English).

<sup>2</sup> ATM Industry Reference Group, comprising The Banktech Group, Customer's ATM, Cashcard (First Data International) and Pulse International, assessment of ATM numbers as at June 2008