



AUSTRALIAN HOTELS ASSOCIATION

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Mr E Humphery
Secretary
Senate Community Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

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Dear Mr Humphery

ATMs and Cash Facilities in Licensed Venues Bill 2008

Introduction

The Australian Hotels Association is fundamentally opposed to the *ATMs and Cash Facilities in Licensed Venues Bill 2008*.

In summary, the Bill is not supported by evidence, will inconvenience 99% of the population who are not problem gamblers, will have a devastating financial impact on hotel food and beverage sales, will unfairly harm rural and regional hotels and will create safety issues for patrons.

The Australian Hotels Association strongly supports Government decisions based on robust, independent evidence. There is no clear evidence that any of the measures proposed in the *ATMs and Cash Facilities in Licensed Venues Bill* will reduce the prevalence of problem gambling throughout Australia.

The Productivity Commission Report is now a decade old and we are pleased the Government, with the support of the Opposition, has recently announced this Report will be updated. Importantly, this update will capture the many harm minimisation measures introduced nationally since 1999 and it is appropriate for Parliament to await the outcome of this independent report.

In addition to addressing in detail each proposal contained in the Bill this submission also provides Government with a number of positive gambling harm minimisation initiatives.

Evidence and research

There is no clear evidence to suggest the removal of ATMs and prohibiting EFTPOS facilities dispensing cash will have a positive impact on problem gambling.

In 2004 the NSW Independent Pricing and Regulatory Tribunal (IPART) did not support the removal of ATMs from venues.

“There is insufficient evidence to support a complete prohibition on electronic cash withdrawal facilities in gaming venues.”¹

The 2006 NSW Government Gaming Review concluded:

“The 2006 study into the prevalence of problem gambling in the community indicated that the majority of users of ATMs in venues used them as a generally convenient way to access cash, and for purposes unrelated to gambling in venues.”²

We note Senator Xenophon’s quoted figures from the 2004 report “*The Use of ATMs in ACT Gaming Venues: An Empirical Study*” in his second reading speech.

Senator Xenophon chose not to quote the Report’s recommendation on ATMs:

“we find limited evidence to support the removal of ATMs from gaming venues in the ACT. While this strategy might bring positive benefits to a small number of ACT gamblers, we have not found an unequivocally strong relationship between problem gambling and the use of ATM in ACT gaming venues.”³

The report went on to find that:

“We have also found that removal of ATMs from gaming venues would inconvenience a proportion of recreational gamblers and non-gambling patrons of gaming venues in the ACT.”⁴

It is also important to note that in NSW and Victoria (where ATMs do operate in licensed venues) real per capita gaming machine expenditure has actually fallen over the past 7 years. In Victoria, the fall has been a significant 14% (in 99/00 it was \$739; in 05/06 it was \$635).⁵

Removing ATMs will cause inconvenience

A ban on ATMs will potentially inconvenience 99% of the population who are not problem gamblers.

ATMs are located where consumers want to use them, with about 25% of Australia’s 25,000 ATMs located in pubs & clubs. These ATMs account for around 100 million transactions per year.⁶

Over the past 5 years most Australian State Governments have commissioned gambling prevalence studies. Results indicate the harm minimisation initiatives listed above are having a positive impact with problem gambling rates now under 1% across Australia

¹ Independent Pricing and Regulatory Tribunal of NSW. Gambling: Promoting a Culture of Responsibility 2004. pg 97

² NSW Government 2007. Report on the five-year Statutory Review of the Gaming Machines Act pg 27

³ J. McMillen, D. Marshall, L. Murphy – The Use of ATMs in ACT Gaming Venues: An Empirical Study, 2004. pg 15

⁴ J. McMillen, D. Marshall, L. Murphy – The Use of ATMs in ACT Gaming Venues: An Empirical Study, 2004. pg 15

⁵ Source: Qld Treasury. Australian Gambling Statistics 2007 – Table Gaming Machines 8

⁶ David Glen, Chair ATM Industry Reference Group. Senate Standing Committee on Community Affairs. 12 September 2008 pg CA 30.

Problem Gambling - Australian States			
State	Problem Gambling Rate	Survey Size	Year
NSW	0.80%	5,026	2006
Queensland	0.47%	30,000	2007
South Australia	0.40%	17,000	2005
Tasmania	0.73%	6,048	2005
Northern Territory	0.64%	1,873	2005
Victoria	0.97%	8,479	2003

Note: Canadian Problem Gambling Index used - scores of 8+ indicate problem gamblers⁷

The AHA notes the difference between the Canadian Problem Gambling Index and the older and the now questionable SOGS method used by the Productivity Commission in 1999.

In 2008 the Canadian Problem Gambling Index is clearly more credible, a fact consistently backed by recent independent research:

“Overall the CPGI demonstrated the best measurement properties of all three gambling instruments investigated by this study (CPGI, SOGS & VGS)”⁸

“On this research, the CPGI out-performed other screens”⁹

“On the basis of this research the CPGI was found to be the superior screen and demonstrated the best measurement properties of all three problem gambling instruments (SOGS, SPGI & VGS) examined in the study. This finding subsequently has been confirmed by a national review of research on problem gambling measures (Neal *et al.*, 2004)¹⁰

Independent research has also identified SOGS as a flawed measure of problem gambling.

“SOGS was soon found to over-diagnose problem gambling”¹¹

“The results of our validation tests for SOGS indicate that it is an unsatisfactory instrument to measure the prevalence of problem gambling in the general population. We recommend that the SOGS be replaced as the screen of choice in future Victorian and Australian population surveys.”¹²

“it does not appear to capture all of the behaviours thought to be indicative of problem gamblers.”¹³

“it is conceivable that a person who used to be a problem gambler, but had not gambled for years, would still be classified as a problem gambler.”¹⁴

⁷ State Government Prevalence studies

⁸ Wenzel, McMillen, Marshall & Ahmed (2004) Validation of the Victorian Gambling Screen. P12

⁹ Wenzel, McMillen, Marshall & Ahmed (2004) Validation of the Victorian Gambling Screen. P3

¹⁰ McMillen & Wenzel (2006) Measuring Problem Gambling: Assessment of Three Prevalence Screens. Published in International Gambling Studies, Vol 6, No. 2 Nov 2006 p167

¹¹ Delfabbro (2007). Australasian Gambling Review p56.

¹² Wenzel, McMillen, Marshall & Ahmed (2004) Validation of the Victorian Gambling Screen. P12

¹³ Delfabbro (2007). Australasian Gambling Review p57

¹⁴ Delfabbro (2007). Australasian Gambling Review p57

There is now overwhelming academic and State Government support for the CPGI as the appropriate measure of problem gambling in Australia. In 1999 SOGS was the most respected and widely used screen to measure problem gambling, however it is clear that today the CPGI is an improved, more accurate and academically accepted screen.

As can be seen in the above table, less than 1% of the Australian population are considered to be problem gamblers. It is the strong belief of the AHA that it is unfair to inconvenience the 99% of the population who are not problem gamblers by withdrawing ATMs and cash dispensing EFTPOS terminals from licensed venues.

Unintended impact on food & beverage sales

The most significant impact of removing ATMs from hotels with gaming machines and prohibiting EFTPOS facilities from dispensing cash will be on food and beverage sales.

It is unfortunate that many anti gambling spokespeople continue to claim hotels are primarily dependent on gaming for their survival. This is not the case.

The reality is that gaming represents but one of a number of important revenue streams for Australian hotels.

Australian Bureau of Statistics data reveals that removing ATMs will have the greatest impact on food and beverage sales, seriously threatening the viability of hotels.

For pubs, taverns and bars with gambling facilities, ABS figures show that around 70% of income generated is from food and beverage sales, with gambling accounting for only 28% of total income.¹⁵

In this regard, the AHA believes hotels have already achieved the goal of Dr Charles Livingstone and 'his collaborators' to:

"make EGM revenues a reasonable element of ...hotel revenues rather than the whole purpose of their business."¹⁶

28% clearly does not represent the whole purpose of our business.

Devastating impact on small & country hotels

It is also important to recognise that many hotels only operate a very small number of gaming machines. The ATM & EFTPOS restrictions proposed in this Bill will unfairly harm small hotels that offer a lot more to their local community than simply gaming.

Many of these venues are located in rural and regional areas, but do not qualify for the 5km exemption.

For example, there are currently 1,690 hotels in NSW with gaming machines.

- 1,119 of these hotels (66%) have 15 or less EGMs
- 632 hotels (37%) have 10 or less EGMs
- 284 hotels (17%) have 5 or less EGMs.

These are not large gaming venues, but would lose their ATM and EFTPOS cash out

¹⁵ (ABS 2004-05: 8687.0 pg 8)

¹⁶ Dr Charles Livingstone. Senate Standing Committee on Community Affairs, 11 September 2008 pg CA2

facilities under this proposed legislation.

In rural and regional NSW¹⁷ there are currently 892 hotels with gaming machines.

- 774 (87%) of these rural and regional hotels have 15 or less EGMs
- 529 (59%) have 10 or less EGMs
- 270 (30%) have 5 or less EGMs

These venues clearly do not rely on gaming for the majority of their income. They do however rely on ATMs to strongly support food and beverage sales.

This Bill would unfairly penalise these small, rural and regional businesses and place their financial viability at severe risk.

EFTPOS only is not realistic

Hotels have always been businesses where food and beverages are purchased with cash.

It is unrealistic to expect hotel staff and patrons to process an EFTPOS transaction each time a patron without cash wanted to purchase a drink, a meal or a packet of chips.

It will simply not be possible for hotels to process large numbers of transactions in a timely manner.

Removing ATMs create an unnecessary safety risk

Patrons are comfortable using ATMs located inside licensed venues because they regarded them as a safe place to withdraw cash. A ban on ATMs will force patrons onto the street at night to withdraw cash from ATMs, creating security concerns.

Many elderly do not feel comfortable withdrawing cash from ATMs located on the street.

This issue was recognised by the Productivity Commission in 1999 and the Queensland Treasurer in 2008:

“It may also have adverse security impacts of customers if they are forced to use an ATM on the street rather than inside the venue.”¹⁸

"Many older patrons make a point of accessing funds through their club's ATM because they feel that it is the safest place to do so.”¹⁹

It is appropriate for the Productivity Commission to thoroughly examine this safety issue.

ATM Restrictions are currently in place

All Australian State Governments currently prohibit the operation of ATMs inside hotel gaming rooms.

¹⁷ Areas outside Sydney and the Newcastle & Wollongong LGAs

¹⁸ Productivity Commission. Australia's Gambling Industries 1999 pg 16.62

¹⁹ Andrew Fraser, Queensland Treasurer. Courier Mail. 6 June 2008

In all States this restriction was implemented after the findings of the 1999 Productivity Commission Report.

In addition, credit card withdrawals are not permitted from ATMs located in licensed venues with gaming machines.

It is worth noting that under this Bill, a problem gambler will still be able to withdraw cash from a nearby ATM located off premises, where credit card withdrawals are permitted.

Finally, ATMs located outside licensed venues do not display problem gambling information such as the gambling help line phone number.

AHA - Positive Gambling Solutions

The AHA supports a number of practical initiatives that will have a positive impact on problem gambling.

Since 1999 State Governments around Australia have introduced many significant and effective harm minimisation measures, including:

- Spending \$200 million over the past 5 years on gambling harm minimisation.
- Bans on ATMs located in gaming rooms
- Bans on 24 hour gaming in pubs & clubs
- Clocks must now be displayed in gaming rooms
- Staff must now be trained in the responsible conduct of gaming
- EGMs are no longer allowed in local government areas that already have an above average number of EGMs (NSW)
- Gambling self-exclusion schemes
- Warnings on EGMs
- Large wins paid by cheque
- Bans on credit betting
- Bans on gaming machine advertising
- Bans on free or discounted liquor as an inducement to play;

ATM Self-Exclusion

The first new initiative is an ATM self-exclusion scheme.

The scheme has two clear objectives:

1. to prevent problem gamblers withdrawing cash from ATMs,
2. not inconveniencing the majority of ATM users who don't have a problem with gaming machines.

Under the ATM self-exclusion scheme, problem gamblers would be able to set a daily ATM withdrawal limit or make changes to their account prohibiting the use of their debit card in ATMs located in licensed venues. The AHA continues to support the ban on credit card withdrawals from hotels with gaming machines.

To be successful, the self-exclusion scheme must be well promoted and allow the problem gambler to join without delay. A long, complicated process will deter many from joining.

We believe this is a sensible approach to dealing with the issue of access to cash by problem gamblers in licensed venues and would like to work with the Commonwealth Government, the Banking Industry and the ATM Providers to progress this initiative. This may also be an issue for consideration by the Ministerial Council on Gambling.

Education

Research suggests the 18-30 age group are most at risk of developing problems with gambling. It is an unfortunate reality that many young people do not understand the odds when gambling and overestimate their chance of success.

To reach this group, the AHA believes there is a genuine need to include in the Australian school curriculum an education program delivering factual information on all forms of gambling to students before they reach the at-risk age.

At present, schools throughout Australia teach students about safe sex, the dangers of smoking and drugs and the responsible consumption of alcohol. To adequately prepare students for life after school, gambling education needs to be included in the national school curriculum.

We will shortly be writing to the Commonwealth Minister for Education proposing the development of this program.

Family Protection Legislation

Often those closest to a gambler are the first to recognise their gambling is becoming an issue.

The AHA believes loved ones should have the ability to intervene - to help the gambler and minimise any adverse impact on the gambler & their family.

In 2004 the South Australian Parliament passed the Problem Gambling Family Protection Orders Act. Under the scheme, a person (for example: a spouse, domestic partner or child) who is affected by a family member's gambling problem can make a complaint to the Independent Gambling Authority about the family member's gambling problem. In certain circumstances, the Authority may receive a complaint on behalf of the family from a person who is not a family member.

The Authority has powers to make orders to address the person's problem gambling behaviour, which can include: barring from gaming venues, requirements to attend counselling, requirements about payment of wages, etc.

The AHA is supportive of this legislation and would like to work with the Commonwealth to see it introduced in all States and Territories.

Conclusion

The proposals contained in the *ATMs and Cash Facilities in Licensed Venues Bill 2008* are not supported by evidence and will have a devastating impact on hotels across Australia if passed by Parliament.

Prevalence studies undertaken by most Australian States have found that the rate of problem gambling is now less than 1%. In Queensland where the most comprehensive study was undertaken involving 30,000 people the rate of problem gambling was found to be 0.47%.

The AHA has put forward a number of more effective measures to prevent problem gambling. These are targeted initiatives aimed at the 1% of the population who are problem gamblers rather than the 99% of the population who are not.

If the Committee requires further information, Mr John Whelan the AHA's National Director of Responsible Gambling can be contacted at john.whelan@ahansw.com.au or (02) 8218 1812.

Yours sincerely

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