



Clubs Australia

SENATE COMMUNITY AFFAIRS COMMITTEE

ATMS AND CASH FACILITIES IN LICENSED VENUES BILL 2008

Introduction

ClubsAustralia has made previous comment to the Committee in relation to the issue of Automatic Teller Machines (ATMs) in clubs, in response to the Poker Machine Harm Minimisation Bill 2008.

There are approximately 3,000 ATMs in venues that also provide gaming Australia-wide. ClubsAustralia estimates that many of Australia's 4,000 registered clubs provide ATMs for members, while the majority would provide EFTPOS facilities. There are 70.4 million ATM transactions and 108.5 million EFTPOS transactions in Australia per month¹. According to the Banktech Group, 25 percent of Australia's 25,000 ATMs are located in clubs and hotels.

ATMs are restricted from being placed in gaming areas under law in all Australian jurisdictions. To further prohibit access to cash facilities in clubs is unreasonable for cash businesses in the 21st Century. Cash is used by club patrons for purchasing a wide range of non-gambling goods and services including food and beverage, live entertainment and sporting facilities. Club workers use the convenient withdrawal facilities to have money for the week and club members often use club cash withdrawal facilities to pay for taxis at the end of the night to avoid drink driving.

The exemption in the bill, providing for cash withdrawal in licensed venues where no other withdrawal facility exists within five kilometres, is tokenistic and will not assist regional areas with limited cash withdrawal facilities. In the opinion of ClubsAustralia the exemption will be unavailable to the great majority of venues, to the detriment of towns which already suffer from limited banking services.

¹ As at March 2006 <http://www.rba.gov.au/Statistics/Bulletin/C04hist.xls>

Clubs and Poker Machines

Gaming machines or poker machines (PMs), as they are popularly known, were first approved in New South Wales registered clubs in the mid 1950s and since then have been progressively introduced in all States and Territories throughout Australia. PMs in privately owned hotels were progressively introduced from the mid 1990s. Western Australia is the only State where clubs and hotels do not have access to PMs.

With respect to registered clubs, governments have generally regarded them as the preferred model for delivery of this form of gaming. Those jurisdictions that did not have recently taken steps to more closely align their policies to the club model. This is because there is no private profit derived from the operation of clubs. After covering operating costs, all of the revenue earned by a registered club must be applied either into the clubs' facilities and services for the benefit of its members or directly into the community to support local organisations.

It is through the revenue derived from PMs that many Australian clubs have been able to provide important social and sporting facilities. Club services, such as entertainment, food and beverage are offered at affordable prices in safe, friendly and comfortable facilities for millions of club members and their guests. Equally importantly, the revenue allows support for a myriad of charities and 'good causes', for the aged, our returned servicemen and women and, in particular, opportunities to reduce the social isolation of the growing population of our elderly community members and those in remote rural areas. In addition, Clubs are active in establishing and maintaining recreational facilities, such as golf courses, bowling greens, football and sporting fields, swimming pools etc that promote participation in physical activities for children and adults. It is for these reasons that clubs are so highly valued by governments and communities throughout Australia.

While the upside from gaming revenue has produced demonstrably positive results for the quality of life of everyday Australians, clubs also recognise and acknowledge the potential down side which accompanies any form of gambling. Unfortunately, as a consequence of a very complex set of personal and/or behavioural circumstances, a small proportion of individuals gamble to excess and this can have a significant impact not only on the person directly involved, but also on that person's family and friends.

Excessive consumption can accompany many facets of human behaviour from eating habits to drug use or spending on consumer goods. In the case of PMs it is usually manifested in a person's failure to gamble within their means to the detriment of themselves and those close to them.

Millions of ordinary Australians play PMs. When NSW clubs first received approval for PMs in 1956, interstate residents would regularly catch buses across the border to play the machines and enjoy the variety of other services available. PMs have remained an extremely popular form of entertainment and recreation.

While studies have repeatedly shown that the vast majority of people enjoy PMs and gambling generally for the entertainment value that it presents, a minority of the adult population are described as problem gamblers. In some jurisdictions such as Queensland and South Australia, the rate is as low as 0.47% and 0.4% of the adult population.

Governments and clubs are committed to ensuring that appropriate and effective measures are in place to minimise the number of people experiencing problems as a result of their excessive gambling. Clubs are also committed to assisting people who have recognised that they have a problem and therefore are likely to benefit from treatment.

The history of harm minimisation measures taken by governments across Australia has been somewhat chequered. Too often governments have implemented measures that may appear politically attractive but in practice are minimally effective in achieving their intended objective of reducing the incidence of problem gamblers or gambling related harm. A feature of this approach has been the 'leap frogging' that has taken place between States to have the 'toughest anti gaming laws in the country.'

The common feature of these type of 'populist', reactive measures is that they are not supported by solid research to indicate they have a chance of real success or will make a real difference. This causes great concern to ClubsAustralia and other stakeholders.

With 60 percent of the PMs in Australia operated by clubs, the policy settings surrounding PMs are very important to clubs. While ClubsAustralia supports measures that can make a real difference for problem gamblers, proposals for legislative or administrative change must be backed by rigorous cost-benefit analysis.

ClubsAustralia believes regulatory intervention to assist problem gamblers must have a solid prospect of success because experimentation leads to the unavoidable degradation of clubs' ability to maintain services as well as a loss of amenity for the vast majority of people who play PMs responsibly and as a form of recreation.

No Tangible Benefit by Removing ATMs

ClubsAustralia restates its position put in its earlier submission to the Poker Machine Harm Minimisation Bill that Government reports have found there is no tangible benefit to reducing problem gambling by removing ATMs from gaming venues. The only previous national study in relation to the link between problem gambling and access to cash in gaming venues found the link to not be useful or conclusive. The study, completed in 2002 by KPMG Consulting for the Commonwealth Government recommended:

That the agreed approach shift emphasis away from the control of problem gambling through device focussed strategies towards a broader focus on the individual's access to accounts for the means of securing cash and/or credit... (and) That the Commonwealth government, in conjunction with the states and territories, negotiate with the financial services sector to develop a strategy that supports self-help strategies for banking consumers who require assistance in managing finances as a result of gaming issues.²

The ACT Government commissioned Professor Jan McMillen of the ANU Centre for Gambling Research to do a study into the benefit of removing ATMs from gaming venues in 2004³. That study found there was no tangible benefit for problem gamblers but there would be a significant level of inconvenience to other club patrons.

² *Problem Gambling: ATM / EFTPOS Functions and Capabilities*, KPMG Consulting, September 2002 for the Federal Department of Family & Community Services recommendations 3 and 11

³ *The Use of ATMs in ACT Gambling Venues: An Empirical Study*, Australian National University Centre for Gambling Research, September 2004 for the ACT Government

Removing ATMs from gaming venues does not prevent problem gamblers getting access to money. Problem gamblers consider the need for money before arriving at the venue, as shown in Tasmania where clubs and hotels can not operate ATMs on-site yet the prevalence of problem gambling is higher than other jurisdictions where ATMs are located in clubs and hotels.

Senator Xenophon's observation⁴ that Tasmania's per capita spend on gambling is lower than other jurisdictions due to the removal of ATMs from gaming venues is misguided, because it could reflect the impact on recreational gamblers of removing ATMs, lower per capita income in Tasmania than the rest of the country or a variety of other factors. Indeed, the Tasmanian Treasury's Social and Economic Impact Study of Gambling in Tasmania completed in 2008 did not reach a conclusion that the removal of ATMs from clubs and pubs had been successful in reducing problem gambling or per capita spending on gambling⁵.

Existing Measures Available To Limit Access To Cash

Options already exist to reduce the maximum daily withdrawal from ATMs for individual accounts.

Banks currently provide options to customers to limit their own access to cash. For example, Westpac allow customers to adjust their maximum daily withdrawal limit from all ATMs through telephone and internet banking. Such a limit would be effective on all ATMs and EFTPOS in the country, not just those in gaming venues. Therefore it would more effectively target problem gamblers by limiting their access to cash wherever they are: club; pub; racetrack; casino.

As opposed to the proposal to remove ATMs from gaming venues, which would cause significant inconvenience for ordinary club patrons, this option places power in the hands of problem gamblers and their support network and provides them with an effective means to reduce their access to funds without harming the 99 percent of Australians who need easy and secure access to cash in clubs for the range of services available.

⁴ Senate Community Affairs Committee hearing on 12 September 2008, transcript p16

⁵ Social and Economic Impact Study into Gambling in Tasmania, June 2008, pp45-46

ATMs are already banned from gaming areas in all jurisdictions. Removing ATMs from clubs would be unfair for venues which do not have banking facilities nearby, especially those in remote or regional locations.

ClubsAustralia believes the Commonwealth Government should lead discussions involving stakeholders, such as the banking and gaming sectors, to examine options or facilitating safeguards for problem gamblers.

ClubsAustralia understands from the Australian Banker's Association that the imposition of restrictions on ATMs will inevitably increase the cost to consumers of conducting ATM business. In our opinion it would be irresponsible to impose charges on the general public, especially those who already struggle with high bank fees and charges, when alternative measures exist which are targeted to combat problem gambling.

The Importance of Having Access To Cash In Clubs

Clubs provide a 'banking' facility because of either a scarceness of such facilities in that area or other reason such as personal security and safety.

ATMs exist in clubs because people find them safe and convenient places to withdraw money. The ACT Government's study into ATMs in gaming venues revealed that "the most commonly mentioned reason for using gaming venue facilities to withdraw money is access – 22% of gaming venue ATM users and 29% of venue EFTPOS users say there are no other facilities in their local area. For other gaming venue ATM and EFTPOS users it is an issue of security, with 19% of venue ATM users and 14% of venue EFTPOS users concerned about travelling with money in their wallet⁶." For many people, personal safety when withdrawing or carrying money is a significant concern and the club is considered a far safer place than the street to withdraw money at night.

Regional and isolated communities especially rely upon the financial facilities provided by clubs. In many regions where traditional financial institutions such as banks have withdrawn their services due to business rationalisation, clubs are among the only suppliers of cash dispensing facilities. Cash is used in clubs for transactions relating to:

⁶ *The Use of ATMs in ACT Gambling Venues: An Empirical Study*, Australian National University Centre for Gambling Research, September 2004

- Food;
- Drinks;
- Snacks;
- Entertainment;
- Merchandise;
- Transport home (taxi or public transport);
- Fundraising raffles;
- Meat trays;
- Donations to community groups;
- Gaming;
- KENO;
- TAB;
- Access to sports and health facilities;
- Accommodation; and
- Membership application and renewal.

It can be seen that the absence of cash withdrawal facilities, including ATMs, from clubs will have a significant, deleterious impact on non-gamblers and recreational gamblers alike. Without cash, which is essential in clubs for efficient low-value transactions, queues for service will be significant.

Large membership, high volume transaction clubs which receive around 40,000 people through the doors each week, will be unable to cope with the demand for EFTPOS transactions. Staff will likely face abuse as members wait for others to process transactions.

It is highly unlikely someone would wait in line to complete an EFTPOS transaction, with a minimum spend requirement of approximately \$10. If a member does not have cash, under Senator Xenophon's bill they would have to perform an EFTPOS transaction for a \$2 coffee and potentially pay \$10 for it. At a later time, if they wanted a \$3 sausage roll, another transaction must be performed.

The Bill would also create significant competitive disadvantages for venues without ATM facilities nearby. There are clubs and hotels where unrestricted ATMs owned by major banks are located externally but nearby the entrance to the venue, and

there are those where they are not. Patrons may choose to frequent venues where cash is more easily accessible.

The implications of the Bill for clubs will have a far broader impact than intended, causing a reduction in revenue from bar and food services as well as gaming. All of this without ameliorating problem gambling.

Application of the Exemption

ClubsAustralia believes that the Bill's exemption which allows access to cash in licensed venues where no other facility is available within 5 kilometres is tokenistic and would rarely, if ever, be accessed.

An example typical of clubs in regional areas around Australia is Crescent Head Country Club in NSW. Crescent Head has population 1,000 and is 20 kilometres from its nearest town, Kempsey. The club has the only ATM in the region, but could not apply for an exemption under the bill as the town supermarket and petrol station both allow cash withdrawals on EFTPOS. However both the supermarket and petrol station close at 6pm, meaning without the ATM or EFTPOS withdrawal facilities in the club, the town would be without access to cash at night. The people of Crescent Head would face a 40km round trip drive for cash facilities. The loss of these facilities would affect other local night trading businesses, such as restaurants.

This situation is relatively common in country Australia and the suburbs.

ClubsAustralia supports the provision of options for individuals who gamble beyond their means to limit themselves, rather than restricting the rights of the 99 per cent of the population who gamble responsibly and need ease of access to their bank account for the full range of services within their club and community.

ClubsAustralia believes the call to limit access to cash in clubs through restrictions or bans on ATMs and EFTPOS is a suggestion that independent research shows is ineffective public policy and would severely restrict the ability of clubs to provide the full range of services to members. Further, any such change would lead to unintended consequences to the detriment of those who are not problem gamblers, without sufficiently restricting problem gamblers' access to cash to merit the change

being made. As such, the Bill is strongly opposed by the Club Movement and should be rejected by the Committee.

If the Committee would like further information, they can contact Mr Josh Landis, Manager – Government Relations on (02) 9268 3004 or jlandis@clubsnsw.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Costello', with a large, stylized flourish at the end.

David Costello
Executive Director