The Australian Hotels Association (Victoria) is pleased to respond to the Office of Liquor, Gaming and Racing’s Consultation Paper – “Gaming Machine Harm Minimisation Measures”.

The overarching objective of AHA (Vic) is to effectively contribute to the establishment and maintenance of an economic and social environment that fosters the business success of Victorian pubs and hotels.

The on-going strategic objectives of AHA (Vic) are to:

- Protect, promote and advance the interests and rights of members;
- Uphold and promote the quality, integrity and reputation of the hotel industry;
- Provide timely, effective, relevant and value adding services to members, and
- Develop and maintain value-adding partnerships with key industry stakeholders to the benefit of members and such partners.

Within the diverse Victorian hospitality industry, AHA (Vic) membership incorporates CBD, metropolitan, regional and rural pubs and hotels, accommodation hotels, resorts and similar business.

Monday 16 January 2017

Peter Burnett AM
President
AHA (Victoria)

Paddy O’Sullivan
Chief Executive Officer
AHA (Victoria)
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Successive Victorian Governments over the period 1995-2017 have determinedly pursued a policy objective of ensuring that Victoria’s gaming operators deliver safe and responsible products and services with a high priority on effectively addressing and minimising problem gambling.

By any measure Victoria’s gaming-related regulatory scheme sets the benchmark for Australian, if not world’s best practice.

Additional to the vast array of venue and gaming machine-based responsible gaming-driven policies, initiatives and programs implemented since 1995, Victoria is the only mainland jurisdiction that prohibits ATMs within pub or club gaming venues and is unique in requiring the operation of networked voluntary pre-commitment facilities on all gaming machines located in Victoria from December 2015.

AHA (Vic)’s detailed response to the Consultation Paper related to the Victorian Government’s “Gaming Machine Harm Minimisation Measures” strongly contends that the Government’s agenda will continue to be successfully pursued and satisfied through the following:

- Q1 – Continue to provide EFTPOS services to customers at gaming venues at a $200 per transaction limit.
- Q2, 3, 4 – Amend the Gambling Regulation Act to increase the cheque winning threshold from $1,000 to $5,000 or amend the Act to provide that the threshold be prescribed from time to time by the Responsible Minister.
- Q5 – The exchanging of personal cheques for cash not be permitted.
- Q6 – TITO be implemented without the need for further harm minimisation requirements.
- Q7 – Continue to maintain the existing Responsible Gambling Codes of Conduct with no additional requirements regarding the operation of loyalty schemes.
- Q8 – Venue staff interaction with customers displaying signs of distress from gambling should continue to be dealt with through the Responsible Gambling Code of Conduct.
- Q9, 10, 11, 12, 13 – Continue to provide for the current industry-based self-exclusion arrangements delivering two entry points to a common data base and single operating system. Existing self-exclusion program review processes should remain in place. A separate offence in respect of a venue operator who knowingly allows self-excluded persons to enter or remain in the venue is unwarranted in that it can be effectively dealt with through the Code.
- Q14, 15, 16 – The development of a further module of Advanced Responsible Service of Gambling training is premature in that significant reform of existing training was implemented in January 2017.
Q17, 18, 19 – AHA (Vic) considers that regional and municipal caps are an inappropriate "blunt instrument", with a minimal prospect of effectively contributing to minimising the incidence of problem gambling.

AHA (Vic) opposes any further extension of regional and municipal caps. Rather in light of significant recent population growth, the basis of current cap calculations should be reviewed.
2. The Victorian Venue-Based Gaming Environment

As detailed in the consultation paper the Victorian venue-based gaming environment has evolved significantly over the period 1992-2017 particularly in respect of measures directed to minimising harm related to problem gambling and to promote and facilitate responsible gaming.

The Consultation Paper highlights key initiatives including:

- regional caps on gaming machine numbers in areas vulnerable to gambling harm;
- municipal limits on the number of gaming machines in local government areas not subject to a regional cap;
- restrictions on 24-hour gaming;
- requirements for gaming machines to provide information to players, such as the odds of winning;
- automatic teller machines (ATMs) and Electronic Funds Transfer at Point of Sale (EFTPOS) withdrawal limits followed by a prohibition on ATMs and alternative cash access facilities in gaming venues;
- requirements for large winnings to be paid by cheque;
- limits on note acceptors, auto play facilities and spin rates;
- maximum bet limits for gaming machines;
- a requirement for responsible gambling information to be displayed in every gaming venue;
- mandatory Responsible Gaming Codes of Conduct;
- self-exclusion programs;
- bans on cashless gaming machines and the use of earphones on gaming machines;
- establishment of the Victorian Responsible Gaming Foundation (VRGF) to work to reduce the prevalence of problem gambling, the severity of harm related to gambling and to foster responsible gambling, and
- YourPlay, a state-wide networked pre-commitment scheme for gaming machines that enables players to set limits and keep track of the money and time they spend on gaming machines, giving players greater control over their gambling to avoid it escalating to problem gambling.

Additional to the above, over forty further, gaming machine, game and gaming environment harm-minimisation initiatives have been implemented.

In August 2012 the previous Tabcorp/Tatts Pokies Operator model was replaced by the Venue Operator model resulting in the removal of 3rd party gaming revenue and performance drivers impacting on venue operations.
The cumulative impact of the significant harm-minimisation overlay on gaming in Victoria is evidenced by:

- the density of gaming machines in venues per 1,000 adults has reduced from 8.1 to 5.71 over 1996/2015, being the lowest in Australia (except WA);
- gaming machine expenditure as a proportion of household final consumption expenditure has declined from 1.64% to 1.14% over 2006/2015;
- a significant decline has occurred in gaming machine expenditure in both nominal and real terms over 2006/2015;
- a significant decline has occurred in the proportion of Victorians playing gaming machines from 33.5% to 15.2% of the adult population over 2003/2014, and
- the prevalence of problem gambling at 0.81% of the Victorian adult population is at an historical low.

Victoria exceeds national benchmarks in respect of harm-minimisation with ATMs banned in gaming venues (2012) and voluntary pre-commitment required to be available on all gaming machines (2015).
3. Responses to Consultation Paper Questions

**Question 1: Is the current $200 per EFTPOS transaction limit appropriate? If not, what other regulatory measures would support the objectives of the Act?**

With ATMs banned in Victorian gaming venues, the only means available to gaming venue customers to access their own cash is through the availability of EFTPOS facilities, whether it is intended to use such cash for beverages, meals, entertainment, wagering or gaming purposes.

The availability of EFTPOS is further limited in that:
- no more than $200 can be withdrawn per transaction;
- cash advances cannot be made using a credit account;
- EFTPOS facilities are not permitted to be accessible by a person in the prescribe gaming machine area for the purpose of withdrawing cash, and
- staff interaction, including presentation of card related to the intended EFTPOS-based withdrawal is required to occur prior to the customer’s decision to withdraw cash.

EFTPOS-related restrictions on access to cash in gaming venues across Australia is per TABLE 1.

**Table 1: Access to Cash (ATMs and EFTPOS) throughout Australian States/Territories**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>PG Rate (CPGI 8+ in the year of most recent survey)</th>
<th>ATM and EFTPOS Limits (Hotels and Club Provisions Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>0.4%</td>
<td>$250 ATM withdrawal limit (per card per day).</td>
</tr>
<tr>
<td>NSW</td>
<td>0.8%</td>
<td>No specific withdrawal restrictions (customer financial institution limit only).</td>
</tr>
<tr>
<td>NT</td>
<td>0.64%</td>
<td>$200 ATM withdrawal limit (per transaction).</td>
</tr>
<tr>
<td>QLD</td>
<td>0.48%</td>
<td>No specific withdrawal restrictions (customer financial institution limit only).</td>
</tr>
<tr>
<td>SA</td>
<td>0.6%</td>
<td>$250 ATM withdrawal limit (per card per day). $200 EFTPOS withdrawal limit (per transaction).</td>
</tr>
<tr>
<td>TAS</td>
<td>0.5%</td>
<td><strong>ATMs Prohibited</strong> $200 EFTPOS withdrawal limit (per card per day).</td>
</tr>
<tr>
<td>VIC</td>
<td>0.81%</td>
<td><strong>ATMs Prohibited</strong> $200 EFTPOS withdrawal limit (per transaction).</td>
</tr>
</tbody>
</table>
In comparing the relative problem gambling rates of the major mainland gaming States (NSW, Vic, Qld), it is apparent that minimal, if any, advantage in harm-minimisation terms will be achieved by further restricting access to cash through EFTPOS in Victorian gaming venues.

Rather, any additional EFTPOS-related restrictions will seriously inconvenience non-gaming and/or non-problem gaming customers in enjoying the full range of hospitality offerings at Victoria’s gaming venues.

Question 2: Is the current $1,000 threshold for the payment of winnings by cheque appropriate? If not, what should be the limit and why?

Question 3: Should payment by EFT be permitted additional to, or as a replacement for, payment by cheque?

Question 4: Are there other payment methods that should be considered for the payment of credits/winnings?

Payment by cheque of gaming machines winnings restrictions across Australia are detailed at TABLE 2.

Table 2: Payment of Winnings by Cheque throughout Australian States/Territories.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>PG Rate (CPGI 8+ in the year of most recent survey)</th>
<th>Cheques for Winnings (Hotel and Club Provisions Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>0.4%</td>
<td>Yes – wins $1,200 +</td>
</tr>
<tr>
<td>NSW</td>
<td>0.8%</td>
<td>Yes – wins $5,000 +</td>
</tr>
<tr>
<td>NT</td>
<td>0.64%</td>
<td>Yes – wins $500 +</td>
</tr>
<tr>
<td>QLD</td>
<td>0.48%</td>
<td>Licensee may set the limit payable by cash to a maximum of $5,000.</td>
</tr>
<tr>
<td>SA</td>
<td>0.6%</td>
<td>No mandatory limit – customer can request cheque</td>
</tr>
<tr>
<td>TAS</td>
<td>0.5%</td>
<td>Yes - wins $1,000+</td>
</tr>
<tr>
<td>VIC</td>
<td>0.81%</td>
<td>Yes - wins $1,000+</td>
</tr>
</tbody>
</table>

The current requirement in Victoria to pay out gaming machine winnings of $1,000 or more by cheque was introduced through amendments of the Gambling Regulation Act in 2009.

$1,000 in 2009 equates to approx. $850 in 2016 prices.
The efficacy of such a low threshold in 2017 is highly questionable, particularly having regard to the unintended consequences of the policy and the significant cost to business in issuing in excess of 100,000 cheques per annum for amounts between $1,000 - $2,000.

The $1,000 threshold has facilitated the emergence of nefarious cheque cashing groups in and around licenced gaming venues, often controlled by criminals and other undesirable parties.

With cheques still typically taking 3-5 days to clear through the banking system, gaming customers in receipt of now relatively low value cheques for gaming winnings are increasingly vulnerable to and receptive of approaches from third parties exchanging cash for cheques at usurous commission rates.

Successive Victorian Governments, the Victorian Commission for Gambling and Liquor Regulation, Victoria Police and venue operators have worked assiduously and cooperatively over many years to keep venue-based gaming crime free.

An unintended consequence of the imposition of an excessively low cheque limit has unwittingly motivated criminal elements to seize an opportunity to access gaming venues for benefit.

The $1,000 cheque limit imposes considerable “red tape” administrative and cost burdens on gaming venue operators.

Victoria's major gaming venue operators estimates that each cheque costs the business $8.00 to provide to the customer.

AHA (Vic) proposes that the Government considers two options to address this matter:

- Amend the Gambling Regulation Act to increase the cheque winning threshold from $1,000 to $5,000, or
- Amend the Gambling Regulation Act to provide that the cheque winning threshold be prescribed from time to time by the responsible Minister through Regulation.

AHA (Vic) does not support the adoption of electronic funds transfer (EFT) as a substitute for the payment of winnings cheque at an appropriate threshold.

The need for customers to have their full banking details available to them and the increased possibility of operator error casts considerable doubt on the efficacy of EFT to settle gaming winnings.

EFT may serve as a further option for customers additional to the cheque payment option at an appropriate threshold if the venue operator choses to make it available.
AHA (Vic) is not aware of any other payment options that could reasonably and economically made available to gaming customers.

**Question 5: Should venue operators be able to exchange personal cheques for cash?**

AHA (Vic) does not support the proposition that venue operators be permitted to exchange personal cheques for cash.

**Question 6: If cashless gaming and a TITO is introduced how should they be regulated so that they are consistent with other measures that limit access to cash? What harm minimisation measures should apply?**

In AHA (Vic)’s view, “cashless gaming” and “Ticket in/Ticket Out” (TITO) should not be considered interchangeable terms.

“Cashless gaming” is a card-based gaming system, whilst TITO is a means of transferring credits between gaming machines and collecting credits.

TITO is in widespread use throughout Australia casinos and is approved for gaming venues in NSW and Queensland.

**Table 3: TITO Availability throughout Australian States/Territories.**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>PG Rate (CPGI 8+ in the year of most recent survey)</th>
<th>TITO (Ticket-In/Ticket-Out) Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>0.4%</td>
<td>Approved</td>
</tr>
<tr>
<td>NSW</td>
<td>0.8%</td>
<td>Approved – Venues and Casino</td>
</tr>
<tr>
<td>NT</td>
<td>0.64%</td>
<td>Approved – Casino only</td>
</tr>
<tr>
<td>QLD</td>
<td>0.48%</td>
<td>Approved – Venues and Casinos</td>
</tr>
<tr>
<td>SA</td>
<td>0.6%</td>
<td>Approved – Casino only</td>
</tr>
<tr>
<td>TAS</td>
<td>0.5%</td>
<td>Not Approved</td>
</tr>
<tr>
<td>VIC</td>
<td>0.81%</td>
<td>Approved – Casino only</td>
</tr>
</tbody>
</table>

It is apparent from Table 3 that there are no harm minimisation implications as a result of the implementation of TITO in Victorian gaming venues.

It is anticipated that TITO cash availability through cashing-out would be required to be consistent with the Government’s overarching access to cash policies applying to gaming venues.
Refer to responses to questions 2, 3 and 4 detailing AHA (Vic)'s view that current access to cash policies are outdated, inadequate and counter-productive.

Question 7: What opportunities are there to improve the way codes operate in Victoria?

- Are there other models that would be more effective? If so, what are they?
- Would a more prescriptive approach for all venue operators be better? Could the operation of codes be simplified?
- Are there other matters that should be provided for in the Ministerial Direction of Codes?
- What requirement for loyalty schemes should be included in a code to promote responsible gambling?
- Does the annual review process contribute to fostering responsible gambling? If not, why not? Are there other options to ensure that the codes meet this aim?

AHA (Vic) is satisfied that the current process providing for the VCGLR to approve Responsible Gambling Codes of Conduct is consistent with the relevant Ministerial Direction and that their annual review assessing venues’ compliance with code requirements is an effective means of ensuring all stakeholders are engaged in harm minimisation initiatives at a best-practice level beyond the prescribed provisions of the Gambling Regulation Act.

Compliance is further promoted and augmented through the efforts of Venue Support Workers and the VCGLR Inspectorate.

The use of codes in conjunction with the prescription of Victoria’s gaming law is a contemporary and efficacious approach in ensuring best practice is pursued in regards to harm minimisation at the gaming venue level.

AHA (Vic) has not at this time identified any further matters that warrant inclusion in the Ministerial Direction detailing code requirements.

With loyalty scheme requirements stipulated in current Regulations, there appears no need to include any additional requirements in either Ministerial Directions or codes in respect of the operation of loyalty schemes.
Question 8: Should the requirement to interact with customers who are showing signs of distress from gambling be part of codes, or should a separate offence be created for venue operators who fail to respond to suspected problem gambling?

Gaming venue staff are trained to understand the behaviours of gaming customers that may be indicative of a potential problem gambling issue.

With such observations to be referred to the venue’s Responsible Gambling Officer or the venue’s Duty Manager.

Staff training in this regard has recently been enhanced to empower staff with greater skills and knowledge to interact with and respond to customers needs.

It is generally appreciated that the behavioural and observable indicators of problem gambling are often not clear cut in real time at a gaming venue.

Identification of potential problem gambling is at times an holistic exercise in observation and record-keeping over time followed by interactions.

Studies identifying behavioural signs generally agree that, with the exception of clear ‘red-flag’ behaviours such as admission of problems or a request to self-exclude, reliance should be placed only on the occurrence of multiple signs.

Observance of signs indicative of the potential for problem gambling, unlike signs indicative of intoxication, are relatively subjective and unable to be considered conclusive through a single observance occurrence.

If an offence of a venue operator and/or gaming staff member failing to respond to a gaming customer displaying a sign or signs considered to be indicative of problem gambling was created the standard of proof required to substantiate the prosecution could be expected to be highly contentious and subject to intense litigation.

Such action would require exploration of the relevant gaming customer’s personal background to an extent that could be expected to impact on their personal privacy and may actually exacerbate the issues that they may be confronting.

Furthermore, creating an offence of failure to respond to a suspected problem is likely to result only in an ad hoc approach to any and all patrons exhibiting any and all signs in order to achieve compliance, rather than allowing staff to make a measured appraisal and to undertake a considered approach that could truly assist the gaming customer(s) in question.

AHA (Vic) is of the view that it is premature and counter-productive to further consider the option of creating an offence in respect of gaming venue operators and/or staff who fail to respond to suspected problem gambling.
Rather, the continuing monitoring of code compliance augmented by the enhanced responsible gaming training being rolled-out over 2017 is anticipated to be effective tools to respond to problem gambling at a venue level.

Question 9: Are self-exclusion programs best administered by the industry or by another body?

Question 10: Should there be one self-exclusion program in Victoria?

Question 11: How could self-exclusion programs be improved?

Question 12: Is the annual review useful or are there other ways to report on program trends and compliance?

Question 13: Should there be a separate offence for venue operators who knowingly allow self-excluded persons to enter or remain in the venue?

At 30 September 2016 there were 2097 active self-excludees from Victoria’s pub and club licensed gaming venues.

Since the introduction of the self-exclusion program in 1997, nine thousand two hundred and seventy-one (9271) gaming customers have opted to self-exclude themselves from gaming venues through participation in the program.

AHA (Vic) is of the view that self-exclusion is best administered and delivered through the peak gaming industry bodies (Australian Hotel Association – Victoria and Community Clubs Victoria), with on-going venue compliance monitored through code oversight and the annual review as required by the Victoria Commission for Gambling and Liquor Regulation.

Successive annual reviews have reported the efficacy of the Victorian self-exclusion program.

Whilst the VCGLR has approved two self-exclusion programs – the AHA (Vic) program and the Community Clubs Victoria program, the programs utilise a common data base and operating system.

From the perspective of a potential and/or actual self-excludee, they constitute one program with two potential entry points.

There is no evidence to suggest that the delivery of best practice self-exclusion in Victorian gaming venues is in any way compromised or impeded by the approval of two programs.
AHA (Vic) supports the continuance of both the AHA (Vic) and Community Clubs Victoria self-exclusion programs on the basis that they offer a high quality common service based on two entry points.

AHA (Vic) is satisfied that the annual review of self-exclusion programs is an efficient and effective means of monitoring venue compliance and identifying relevant trends. AHA (Vic) does not support a proposal that there be a separate offence for venue operators who allegedly knowingly allow self-excluded persons to enter or remain in the venue.

In Victoria there are guidelines and standards for self-exclusion programs.

Processes applied for identifying self-excluded persons at a venue level are based on a procedure to detect self-excluded persons and a procedure to interact with them upon their detection including requiring them to leave the gaming area of the venue.

Detected breaches are reported by venue operators to self-exclusion management for direct follow-up with self-excludees.

In 2015/16 ninety-five nine (959) self-excludees were detected breaching their self-exclusion deed, in first quarter 2016/17 two hundred and eighteen (218) self-excludees were detected in a venue gaming area.

There is no evidence to suggest that venue operators and staff are not actively pursuing their code responsibilities in regard to discouraging and detecting self-excludees attempting to enter or remain in the gaming area of venues.

Question 14: Should a new requirement to undertake advanced responsible service of gaming training be introduced?

Question 15: If so, who should be required to complete the advanced training and what content should the training include?

Question 16: Who should be responsible for the development and provision of the advanced training?

The Victorian Responsible Service of Gaming training has recently been substantially enhanced to further assist in equipping venue staff in the delivery of harm minimisation initiatives at the venue level.

To the extent that it is adjudged that the training does not adequately equip gaming managers and responsible gambling officers to meet their additional and specific responsibilities, an additional module of training may be warranted.
It is however not apparent to AHA (Vic) at this time that such a deficiency exists in the enhanced responsible service of gaming training implemented from 1 January 2017.

It would be premature to move to develop a further training system for managers and responsible gaming officers until an evaluation of the enhanced RSG training is undertaken in due course.

Question 17: Do you think regional caps and municipal limits should be maintained? Why?

Question 18: Should regional caps be extended beyond the existing capped areas and if so, why?

Question 19: Are the current regional cap and municipal limit levels appropriate?

In 2010 the regional capping policy introduced by the Victorian Government doubled the number of capped regions and extended the boundaries of already existing capped metropolitan regions.

Twenty regions were capped at the lower of 10 gaming machines per thousand adults or the number of gaming machines per thousand adults at 12 October 2006 resulting in the removal of 540 gaming machines from affected areas.

Municipal limits apply statewide providing that for all gaming areas, with the exception of CBD, Southbank and Docklands, there are no more than 10 gaming machines per 1,000 adults.

Victoria has the lowest density of gaming machines per thousand adults across the States/Territories.

Table 3: Statewide EGM Density – EGM’s per 1,000 Adults (Hotel and Club Only).

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>PG Rate (CPGI 8+ in the year of most recent survey)</th>
<th>State-wide EGM Density – EGMS per 1,000 Adults 18+ 2014-15 (Hotel and Club Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>0.4%</td>
<td>16.5</td>
</tr>
<tr>
<td>NSW</td>
<td>0.8%</td>
<td>15.8</td>
</tr>
<tr>
<td>NT</td>
<td>0.64%</td>
<td>6.5</td>
</tr>
<tr>
<td>QLD</td>
<td>0.48%</td>
<td>11.7</td>
</tr>
<tr>
<td>SA</td>
<td>0.6%</td>
<td>9.2</td>
</tr>
<tr>
<td>TAS</td>
<td>0.5%</td>
<td>5.7</td>
</tr>
<tr>
<td>VIC</td>
<td>0.81%</td>
<td>5.7</td>
</tr>
</tbody>
</table>
The Productivity Commission in its reviews in 1999 and 2009 considered wide area caps to be a “blunt instrument”, whilst speaking more favourably of venue caps.

The Commission’s opinion (in short) was that:
- from a theoretical perspective it seems that once gaming machines are ubiquitous in any community, additions to their number make little difference, (The Victoria example appears to bear this out – the number of gaming machines is a fraction of those in NSW but without a commensurate effect on problem gambling prevalence), and that
- the complexity of the impacts of caps on gamblers confirm that they are blunt and largely ineffective instruments for addressing gambling harms, particularly given the already widespread availability of gaming machines in most jurisdictions.

The Productivity Commission further advised that:
“.....the following would be consistent with a precautionary approach to addressing the risk of harms from gaming machines:
- Requiring regulators to be satisfied that there would be no net detriment to community wellbeing from the expansion of gaming machines in an area before approval, as done in Victoria;
- Requiring gambling regulators to assess more closely the likely impacts of the expansion of gaming in low SEIFA and other vulnerable communities;
- Although community (and local council) input is desirable in principle, it need not be required on every application concerning gaming machines. However, extensive input should be required where the application involves introducing gaming machines in an area for the first time or a substantial increase in the number of gaming machines in an area, and
- Local councils are close to communities and, thus are likely to have a better perspective on the impacts of gaming machines on families, residents, businesses and community lift than State or Territory governments or gaming regulators. They should be advised by regulators of all applications concerning gaming machines in their communities. They should be adequately resourced by State and territory governments where extensive input from the community is necessary.”

The Victorian gaming regulatory scheme satisfies the Commission’s views in these matters.

AHA (Vic) considers that regional and municipal caps are inappropriate “blunt instruments”, with a minimal prospect of effectively contributing to minimising the incidence of problem gaming.

AHA (Vic) opposes any further extension of regional and municipal caps. Rather in light of significant recent population growth, the basis of current cap calculations should be reviewed.