Gaming Machine Harm Minimisation Measures

Prepared by:
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ALH Group is pleased to respond to the Gaming Machine Harm Minimisation Measures consultation paper

If you wish to discuss this submission please contact:

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ALH operate 330 licensed venues and over 550 retail liquor outlets across Australia employing almost 16,000 people. In Victoria ALH operate 82 hotels. These venues offer a diverse hospitality experience including, sports bars, bistros, restaurants, cafes, electronic gaming, retail liquor, accommodation, nightclubs and wagering. ALH venues are located in capital cities and urban and regional centres across Australia.

Responsible Gambling

ALH is committed to providing responsible gaming in our venues. We have devised and introduced some unique and innovative responsible gambling initiatives of which we are very proud.

For the last seven years, the ALH Group has worked with David Schwarz, a well-known former professional footballer and reformed problem gambler, as its Responsible Gambling Ambassador. David provides employee education and customer awareness about the importance of “asking for help if your gambling becomes a problem.” Most importantly, David is available for our staff to discuss any gambling problems they or their families and friends may be experiencing.

We want to ensure our hotels provide a safe and supportive environment where our customers make informed decisions about gambling and provide timely appropriate assistance and information. We have developed and distributed a responsible gambling pocket guide to every one of our gaming staff.

ALH have a hotel and gaming charter that clearly demonstrates our commitment to responsible gambling.

ALH have developed an online eLearning responsible gambling training module which all relevant staff must complete. A key focus of our e-learning module is how to approach and interact with customers who may be indicating signs of problems with their gambling, and how our Self-exclusion program operates.

ALH complies with all applicable responsible gambling legislative requirements in each state and participates in many state and local government gambling working groups to assist in identifying and developing appropriate responsible gambling initiatives.
Trends in the EGM market in Australia

Gaming machines market share relative to other forms of gambling has decreased. This decline has primarily been driven by the following factors:

- A decline in the overall size of the gambling market in real terms. A recent study conducted by researchers at New South Wales’ Southern Cross University, found 64 per cent of adults gambled in the past year, compared with 82 per cent back in 1999;
- An increase in spending on other forms of gaming, particularly casinos, interactive gaming, and lotteries. This trend is shown in Figure 2;
- The explosion in popularity of sports betting. Between 2009 and 2014, sports betting increased by approximately 158%. While this increase was off a small base, the above mentioned study indicates that sports betting has doubled in popularity over the last five years;
- The impact of on-line gambling – A recent study indicated about 1.8 million Australians had gambled online in the past 12 months.\(^1\)

The decline in EGM market share is not driven only by growth in other products – it also reflects a significant decline in rates of participation in EGM gaming itself. EGM participation (measured as the proportion of the population that spent any money on EGMs in the last 12 months) has fallen nationwide from 39% in 1999 to 19% in 2011.

Figure 2: Changes in gambling participation rates, 1999-2014

Declining share of disposable income

As shown in Figure 3. Expenditure on gambling as a percentage of household disposable income peaked in 2000-01 and has since been on the decline. More specifically, expenditure on gaming machines as a percentage of household income has experienced the most notable decline - it declined from a peak of 2.14% in 2001-02 to 1.06% in 2013-14.

Consistent with the trends in sports betting noted in our analysis of gambling expenditure in the previous section, expenditure on sports betting increased as a percentage of HDI.

Figure 3: Expenditure on gambling as a % of household disposable income


Competition from other forms of entertainment

While electronic gaming machines compete for the gaming and wagering dollar they also compete more broadly in the entertainment market. That is, they are competing with going to the cinema, the theatre, a sporting event, etc. Over the last decade and more specifically over the last five years the level of competition within the entertainment industry has intensified.

The following table shows that the average weekly household expenditure on gaming machines has declined compared to spending on other recreational / entertainment services. The significant increase in other recreational spending is largely driven by internet and pay TV related services.
Table 1: Average weekly household expenditure on recreational / entertainment services

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th></th>
<th>1998-99</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>%</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Gaming machines</td>
<td>1.61</td>
<td>3.9%</td>
<td>1.21</td>
<td>5.2%</td>
</tr>
<tr>
<td>Other gambling</td>
<td>3.44</td>
<td>8.3%</td>
<td>4.68</td>
<td>20.3%</td>
</tr>
<tr>
<td>Sports</td>
<td>10.05</td>
<td>24.1%</td>
<td>5.27</td>
<td>22.8%</td>
</tr>
<tr>
<td>Cultural</td>
<td>7.31</td>
<td>17.5%</td>
<td>5.50</td>
<td>23.8%</td>
</tr>
<tr>
<td>Other recreational spending (excl holidays)</td>
<td>19.29</td>
<td>46.3%</td>
<td>6.41</td>
<td>27.8%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>41.70</td>
<td>100.0%</td>
<td>23.07</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: ABS Cat No. 6535.0 Household Expenditure Survey, Australia: Detailed Expenditure Items

Forecasts

Spending on gambling is clearly linked to households’ disposable incomes. Owen Gaming Research forecast overall spending on gambling in Australia to increase by 4% (in nominal terms) from 2013 to 2024 (to $21.6bn). Within this, there are significant differences in the growth outlook of different segments of the industry:

- Gaming Machine spending is likely to increase by 1.1% (nominal);
- Spending on Lotteries and Race Wagering is likely to fall (Lotteries by 3.9% and Race Wagering by 13.2%);
- Sports betting and casino play are forecast to deliver strong growth (Casino Gaming to grow by 19.0% and Sports betting to grow by 136.3%)²

Figure 1: Historical data and forecasts of gambling spending (national), $m


Key drivers underpinning the forecasts of spending on gambling are:

- Disposable income growth – the Productivity Commission has forecast longer term household income growth to be 1.1%, about half of what was seen on average from 1993 to 2012;
- Household growth – household numbers are expected to grow from 8.7 m in 2013 to 10.6 m by 2014, based on ABS projections;
- Gambling’s share of disposable income is expected to continue to decline in the absence of regulatory change or new form of gambling or licenses being approved.

Gaming venues are increasingly subject to competition from other forms of gambling. They are also subject to competition for EGM players from the casino, which sits outside the entitlement system and receives preferential treatment in many regulations (e.g. opening hours). These forces require all gaming venues into providing a better product, regardless of ownership.

Venues also compete within a broader hospitality and entertainment market – competing for recreational gamblers means competing with non-gambling food and beverage venues as well as other gaming venues. The EGM gaming share of entertainment expenditure has fallen by a quarter since 1999, while the share of other recreational expenditure has grown by two-thirds – with far more varied consumer options available now, gaming competes in a broader entertainment market.
Response to Questions

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

*The restriction on ATM's being located in our hotels should be removed.*

While ALH shares the concerns of government and the community about problem gambling, the ban on ATMs and stringent EFTPOS limits is to the detriment of the majority of hotel patrons.

ATM and EFTPOS facilities in all State gaming venues are already the subject of legislative requirements and industry codes of conduct. These include prohibitions on ATM and EFTPOS facilities being located in or in close proximity to gaming machine areas; allowing cash advances via a credit card; restricting the level of cash withdrawals per transaction and the display of gambling warning messages on ATMs.

There is also existing capability for a person to go to their financial institution and restrict their daily limit on cash withdrawals from ATMs. This process positively reinforces the fact that expenditure on entertainment should be factored into an individual’s budget for the week. It would also bypass unintended consequences attached to an across-the-board mandated transaction limit, including individuals taking out large amounts of cash on their way to a venue or going to an ATM external to the venue to access cash during a gambling session.

Policy makers also need to be aware of the additional problems and limitations associated with the current ATM restrictions, such as:

- Player behaviour may adapt and people may find opportunities to circumvent imposed measures – for example, bringing additional cash from home or assessing external ATMs where transactional limits, credit restrictions and responsible gambling messages all do not apply.

- Patrons have a right to access their own cash in a safe and secure environment. ATMs in gaming venues are generally seen as safe places to withdraw funds compared to ATMs in retail shopping strips, especially at night.

- Our venues do not simply offer gaming facilities to our patrons. Rather, ATMs/EFTPOS are utilised for a wide range of non-gaming services such as bars, bistros, nightclubs etc.

We acknowledge and appreciate that public sentiment impels governmental action to assist problem gamblers and their families. However, the current ATM ban impedes the vast majority of recreational gamblers.
The table below shows the restrictions that exist in other jurisdictions and the latest problem gambling prevalence rates.

<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>ATMs Prohibited $200 EFTPOSes withdrawal limit (per card per day).</td>
</tr>
<tr>
<td>VIC</td>
<td>0.81%</td>
<td>ATMs Prohibited $200 EFTPOS withdrawal limit (per transaction).</td>
</tr>
</tbody>
</table>

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

*The current cheque limit should be increased to $5,000*

The current cheque limits for gaming machine winnings in New South Wales (increased from $2,000 in July 2015) and Queensland (Increased from $500 - $1,500 in March 2014) is $5,000, and there is no limit in South Australia.

Our concerns with the current limit of $1,000 are:

- There is no regulatory neutrality with other gambling products such as Wagering, KENO, sports betting and lotto and only EGM’s have such a low mandatory cheque threshold. These products have NO cheque limit imposed.
- The low cheque threshold limit means customers have to wait up to 5 days for payment of winnings and has seen a significant trade in third party cheque cashing at suburban street front lending agencies who will take a large commission for providing this service (up to 20% of the face value of the cheque).
- A low cheque limit can encourage money laundering.
- Crown Casino has a $2,000 cheque threshold on EGM’s for winnings or accumulated credits.
- Despite inflation there has been no increase in the cheque limit threshold for 8 years.
- An increase in cheque limit would reduce the significant red tape burden on our hotels which issue over 68,000 cheques in Victoria in the range of $1,000 - $2,000 annually.
- The prevalence rates of problem gambling in these States is lower than in Victoria as detailed below.
• It is not against VCGLR regulations for third party cheque cashing.

• The cost of writing each cheque is significant taking into account labour (staff and the requirement of a Manager to sign the cheque), replenishment of holding accounts, processing, reconciliation. We estimate the cost to be above $8 per cheque.

The table below shows the restrictions that exist in other jurisdictions and the latest problem gambling prevalence rates.

<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>
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<tbody>
<tr>
<td>ACT</td>
<td>0.4%</td>
<td>Yes – wins $1,200 +</td>
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<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 $1000+</td>
</tr>
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<td>VIC</td>
<td>0.81%</td>
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**Should payment by EFT be permitted in addition to, or as a replacement for, payment by cheque?**

**Electronic Funds Transfer (EFT)**

EFT is not a viable solution given it requires customers to have bank account details on hand, privacy concerns and the delay in funds becoming available. It will not solve the third party cheque cashing options that customer use. As electronic payment and security options evolve, EFT and other options may need to be considered.

Customers should be given multiple options as to how they can access their winnings.

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

Not currently. Other technology options may need to be considered over time as electronic payment and security options evolve.
Should venue operators be able to exchange personal cheques for cash?

No.

If cashless gaming and or 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?

It is not necessary to apply any harm minimisation measures to TITO given it is a convenience only transaction akin to a cash transaction.

The existing raft of harm minimisation measures apply to TITO

Ticket in Ticket out (TITO)

TITO technology is currently in operation at Crown Casino, is approved and operational in New South Wales and Queensland casino, hotels and clubs, ACT, WA, SA and NT casinos.

Ticket in Ticket out (TITO) is a solution for inserting, printing and redeeming tickets from machine to machine.

How does TITO Work?

- Players insert cash into the gaming machine and begin to play
- When the player is ready for a break or wants to finish, they press COLLECT and a ticket is printed with the collected credit amount. This ticket can then be redeemed for cash at a cash redemption machine or cashier station.

Reasons for implementation

TITO provides:

- Increased customer service levels - reduced time at cashier stations and easy transition from one gaming machine to another or to break-out areas such as DOSA's (smoking areas) or toilet facilities;
- Increased security - cash clearances from gaming machine are no longer required or minimal and OHS issues as a result of hopper refills are removed;
- Reduction in cash handling errors;
- Increased efficiency - manual processes such as hand pays are automated freeing up floor staff;
- TITO tickets include responsible gambling messages such as 'Your Play', 'Gambling Helpline 1800-858-858';
- TITO tickets do not include advertising or promotional material.
On 2 October 2013 the Director of Licensing at the VCGLR wrote to ALH and noted “The Commission has no “in-principle” objection to the introduction of TITO functionality at your venues”

The table below shows the restrictions that exist in other jurisdictions and the latest problem gambling prevalence rates.

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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 for codes?
What requirements 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?

The current code is best practise and ALH support the retention of the code in its current format. The current annual review process is appropriate.

The code should capture the notion of a “sustainable” industry as is the mantra of the Responsible Gambling Ministerial Advisory Council (RGMAC)

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?
**Customer interaction should remain within the code**

Identification of customers who may have a problem with their gambling and any subsequent interaction with our staff should remain within the code due to the subjective nature of any such interaction. Our staff are not trained counsellors. To create a separate offence for failure to interact with customers would not only see Victoria as the only jurisdiction in Australia to do so but raise the risk of entrapment operations, the potential for fraudulent claims by gamblers seeking to recoup losses etc.

| Are self-exclusion programs best administered by the industry or by another body? |
| Should there be one self-exclusion program in Victoria? |
| Is the annual review useful or are there other ways to report on program trends and compliance? |
| Should there be a separate offence for venue operators who knowingly allow self-excluded persons to enter or remain in the venue? |

ALH are a member of the Australian Hotels Association (Vic) and support their submission in regards to the current Self Exclusion program regime.

| Should a new requirement to undertake advanced responsible service of gaming training be introduced? |
| If so, who should be required to complete the advanced training and what content should the training include? |
| Who should be responsible for the development and provision of the advanced training? |

**ALH note the current Victorian RSG training is Australia-wide best practise and we support its retention in its current state.**

In addition ALH have devised an on-line eLearning responsible gambling training module which all relevant staff must complete.

A key focus of our e-learning module is how to approach and interact with customers who may be indicating signs of problems with their gambling, and how our Self-exclusion program operates.

ALH note the Responsible Gambling training is set to change (after a long process of assessment and discussion) at 1 Jan 2017. The training has been calibrated to emphasise RG interactions and should be implemented and assessed prior any further alteration.
Do you think regional caps and municipal limits should be maintained? Why?

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

Are the current regional cap and municipal limit levels appropriate?

*ALH do not support any changes to, or expansion of the current regional and municipal caps.*

Regional and Municipal Caps

We are unaware of any literature that advocates a causal relationship between the regional capping of EGMs and assistance to problem gamblers.

Indeed the Productivity Commission, who released their comprehensive study into Australia’s gambling industries in 1999, suggested the opposite. In summary, it was the view of the Commission that caps on the number of gaming machines are blunt instruments for reducing problem gambling and may in turn lead venues to retire less popular machines - leading to higher utilisation of machines, partly offsetting the cap.

According to their landmark report, "quantity restraints on gaming machines appear to either face implementation problems or lack effectiveness as measures for ameliorating problem gambling, and may sometimes intensify problems for current problem gamblers". The Commission likened the restriction of machine numbers to "placing restrictions on the number of cars on the road because of safety concerns". In keeping with this analogy, governments have improved car safety through:

- Improving the safety of the environment in which the machines are operated (better roads, signs, clearer traffic rules);
- Educating consumers so that they are more likely to make sensible decisions; and
- Improving the care facilities for those affected by an accident.

It is this model advocating consumer awareness and responsibility that worked effectively in the automobile industry and which we believe should also be adapted to the development and imposition of gambling policy.

In terms of other literature on the effectiveness of regional caps, we are also aware of *The Study of the Impact of Caps on Electronic Gaming Machines* prepared by The SA Centre for Economic Studies for the Victorian Gambling Research Panel. This report - which similarly did not find a correlation between regional caps and lower gaming expenditure - highlighted a number of issues in regard to the impact to the first round of regional caps in Victoria.

In particular, we wish to comment on the following:

1. Use of gaming expenditure as a measure of effectiveness
The impact upon gaming expenditure as a result of an imposed reform is an extremely blunt instrument in assessing the effectiveness of that measure. In any reform, it could be argued that a reduction in revenue is the result of recreational gamblers choosing to spend less, with no change in behaviour apparent from problem gamblers.

(ii) Impact of other factors
In analysing the impact upon gaming expenditure, the study concludes that other factors (such as the smoking ban in gaming rooms) were more important than the reduction in machine numbers.

(iii) Extent of the Reduction
The study also suggests that the quantitative reductions (in EGM numbers) were too small to provide any real impact on accessibility to gambling opportunities.

Sound public policy cannot be implemented on the basis of a hypothesis and we would strongly discourage the imposition of more intrusive regional caps based on this position.

Any measure to determine the boundaries of future regional caps will result in an arbitrary line on a map – an outcome that appears to discount the reality of patron movements from one area to another. It is clear that all patrons who visit gaming venues do not entirely reside within the postcode or municipality of that venue. This principle is even more salient for venues in regional areas whose population catchment includes a number of ‘out-of-towners’.

There should be a mechanism that allows for cap adjustment as the population grows.