16 January 2017

Gaming Machine Harm Minimisation Measures Review
Office of Liquor, Gaming and Racing
Department of Justice and Regulation
PO Box 18055
Collins Street East
Melbourne VIC 8003

Dear Sir/Madam,

Gaming Machine Harm Minimisation Review

The Melbourne Racing Club (MRC) supports the Victorian Government’s commitment to ensuring the state’s gaming machine harm minimisation measures are effective in reducing gambling related harm. Gambling is an activity enjoyed safely by millions of Victorians in clubs, hotels and other venues every year. However there is a need to put in place appropriate measures to ensure that people are educated about responsible gambling and that potential problem gamblers are protected. The recommendations in this submission identify areas of the current harm minimisation measures that can be improved to reduce the prevalence of problem gambling in Victoria.

The MRC is a non-for-profit club that exists for the promotion and facilitation of horse racing for its members and the wider community. We operate three racecourses - Caulfield, Sandown and Mornington - which host approximately 75 race meetings per year. The MRC is the proprietor of nine hotels (two in a joint venture with Country Racing Victoria) and four club venues (one in a joint venture with Sale Turf Club) across Victoria under the trading name ‘Pegasus Leisure Group’ (PLG). We hold 880 gaming machine entitlements across our venues and employ 250 people full time and up to 2,500 people on a part-time basis during peak times such as the Spring Carnival across our entire business.

The MRC welcomes the opportunity to engage with the Government in its review of the current gaming machine harm minimisation measures in Victoria. As a non-for-profit club we are committed to the local communities in which our venues are located and believe that the recommendations in our submission will have a positive impact on all Victorians who choose to engage in gaming.
Please find attached the MRC’s submission in response to the Consultation Paper. We look forward to participating in any further consultation processes the Government undertakes during this review.

Yours sincerely,

Brodie Arnhold
Chief Executive Officer
Gaming Machine Harm Minimisation Measures Review Submission

Access to cash in gaming venues (Q1-5)

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

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

3. Should payment by EFT be permitted in addition to, or as a replacement for, payment by cheque?

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

5. Should venue operators be able to exchange personal cheques for cash?

The current $200 per EFTPOS transaction limit is appropriate to meet the harm minimisation objectives of the Gambling Regulation Act 2003 (the Act) and we submit it should be maintained. The mechanism allows for patrons to withdraw cash to use for a variety of purposes and enjoy the facilities at clubs and hotels around Victoria while also providing gaming venues with appropriate oversight of potential problem gamblers and the ability to interact with customers if necessary.

The introduction of a daily EFTPOS withdrawal limit similar to Tasmania is unlikely to have any major additional harm minimisation benefits as problem gamblers are still likely to access cash through other means. At the same time, such a limit would impact other venue patrons who wish to access cash for other purchases such as meals, drinks, and entertainment options.

Cheques are an outdated payment method that are an expensive inconvenience for gaming venues. Patrons prefer cash and in many cases the current $1,000 threshold encourages them to continue to play beyond their initial limit to get their winnings under $1,000 so they can access them in cash. This is obviously an unintended consequence of the cheque threshold and as such, the MRC supports increasing the threshold to $5,000. We note that in the last 18 months the cheque limit has been increased to $5,000 in both New South Wales and Queensland.

The MRC supports providing gaming venues with more options for the payment of winnings to patrons. Electronic Funds Transfers should be available to venues which choose to offer it but should not be mandatory given the additional cost and complexity that may come with it. The MRC does not support the proposal to allow venue operators to exchange personal cheques for cash and we note we currently have in place a policy prohibiting this. Permitting the exchange of personal cheques for cash appears to contradict the responsible service of gambling principles and the Government’s efforts to reduce access to cash in gaming venues.

Cashless gaming and TITO (Q6)

6. 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?
Cashless gaming or Ticket In Ticket Out (TITO) is a positive development in gaming that has operated internationally and in other states for some time and provides a range of benefits for venue operators. This includes increased security and a reduction in accounting costs as a result of removing the handling of cash. In 2010 the Productivity Commission noted a number of benefits of cashless gaming for consumers:

“It allows them to end a session of play quickly, with their net balances automatically recorded on their card (or via other means). This would be more convenient for gamblers since, under cash-based systems, they have either to collect coins or wait for an operator to pay larger amounts. In addition, the capacity to withdraw easily any remaining cash balances reduces the temptation by gamblers to continue playing to exhaust those balances.”

Cashless gaming and TITO operates successfully in NSW, QLD and ACT and has previously been in place in Victoria in tabarets in the early 1990s and is currently permitted at Crown Casino – a significant competitive advantage. The MRC supports the introduction of cashless gaming across of gaming venues in Victoria.

**Responsible Gambling Codes of Conduct (Q7-8)**

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 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?

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?

The Responsible Gambling Codes of Conduct are an important part of Victoria's harm minimisation measures and are central to the continuation of responsible gambling practices across the State.

Part of the reason that the system has been successful is that codes can be developed by industry participants and receive approval from the VCGLR. The MRC strongly supports the current voluntary, industry lead model for codes of conduct in Victoria. The introduction of a more prescriptive approach to codes of conduct is likely to have significant compliance costs for venue operators without improving outcomes for problem gamblers.

The current Ministerial Direction adequately outlines the key areas that venue operators should address to ensure that responsible gambling principles are upheld in their venues and the codes approved by the VCGLR are appropriate for their intended purpose.
The current requirements for loyalty schemes included in the Ministerial Direction for the Responsible Gambling Codes of Conduct are sufficient as they dictate that appropriate information on the scheme is provided and the manner in which this will be done. The nature of signing up for a loyalty scheme means that patrons are provided with information about the program and have interaction with venue staff during this process. For example, loyalty customers are provided with details of the regulatory requirements such as Your Play and receive regular player activity statements.

We do note that recent changes to loyalty schemes which prohibit loyalty members from receiving cash or spins for points has reduced the attractiveness of such schemes. Considering loyalty programs enable customers to track their spend we contend that loyalty programs should be afforded the flexibility to provide cash and spins for points. We note that Crown Casino’s loyalty program allows this.

The annual review process in place for all Responsible Gambling Codes of Conduct is necessary to ensure that the operation and effectiveness of the codes are examined and feedback from relevant stakeholders is received to improve practices where necessary. The MRC supports the continuation of the annual review process with no changes.

Venue operator codes of conduct are already required to include direction on how staff are required to interact with customers who are showing signs of being potential problem gamblers. All MRC venues (including our Clubs) operate under the Australian Hotels Association Responsible Gambling Code of Conduct which requires that all staff receive training on the Code during their induction and that the venue has a nominated Responsible Gambling Officers/Gaming Duty Manager available at all times.

The Code also provides a list of indicators of problem gambling and details a process for interacting with such customers. Finally, the Code also requires all contacts with customers by the Responsible Gambling Officer to be recorded in a Responsible Gambling Incident Register, including details on action taken. This process is appropriate to ensure that staff understand their obligation to interact with customers they suspect are having problems with gambling.

We note the improvements introduced on 1 January 2017 to the training requirements for the Responsible Service of Gaming which will assist in the training of staff to identify problem gamblers. In light of this recent change and the current Code we are of the view that the introduction of a separate offense for venue operators is unnecessary and will not lead to better outcomes for patrons.

**Self-exclusion programs (Q9-13)**

9. Are self-exclusion programs best administered by the industry or by another body?
10. Should there be one self-exclusion program in Victoria?
11. How could self-exclusion programs be improved?
12. Is the annual review useful or are there other ways to report on program trends and compliance?
13. Should there be a separate offence for venue operators who knowingly allow self-excluded persons to enter or remain in the venue?
Voluntary self-exclusion programs are necessary as they provide an option for people who self-identify as problem gamblers and wish to address their issues proactively. The self-exclusion program was developed by the hotel and club industries and is an example of the positive outcomes that industry-lead compliance systems can have. The MRC supports the continuation of an industry-lead model for Victoria’s self-exclusion program and endorses the Responsible Gambling Ministerial Advisory Council’s recommendation that there should be a single self-exclusion program operating in Victoria.

While the current self-exclusion system has had success, there is scope to implement a number of improvements. The single most beneficial change would be the introduction of a Multi-Venue Self-Exclusion (MVSE) system in line with that developed in NSW. The MVSE system was introduced in NSW approximately 13 years ago and is acknowledged as perhaps the most significant tool venues can provide to problem gamblers. The ability for gamblers to see a gambling counsellor and self-exclude from multiple venues without the need to visit a single venue or attend the offices of the AHA or CCV is a significant development and one that is likely to incentivise self-exclusion for more problem gamblers. An online platform takes away the potential inconvenience and embarrassment for gamblers in visiting multiple venues, provides a user friendly system for venue operators to execute the exclusion deed as well as a centralised point for qualified venue staff and security to determine who is excluded from their venue at any given point in time. The MRC fully endorses the introduction of a MVSE system in Victoria and believes it will assist in the reduction of problem gambling.

The current annual review process for self-exclusion programs is sufficient to achieve the objective of the Act. This process will require less resources for the VCGLR if a single self-exclusion program is adopted in Victoria.

The MRC does not support the creation of a separate offense for venue operators who knowingly allow self-excluded patrons to enter or remain in their venues. The current system of reporting and disciplinary action involving the VCGLR and venue operators, along with the Responsible Gambling Codes of Conduct, are sufficient to ensure that self-excluded patrons are not allowed in gaming venues. A separate offense for venue operators would be unnecessary punitive and is unlikely to improve compliance.

**Responsible Service of Gaming Training (Q14-16)**

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

The MRC supports the Responsible Service of Gaming training requirements currently in place in Victoria – noting the aforementioned improvements in the training of staff for the Responsible Service of Gaming. While greater education and training for venue staff is an important part of minimising gambling related harm, the introduction of any advanced training requirements should
only occur if there is sufficient evidence to demonstrate that it will have a positive impact on reducing harm. Providing training to all staff members is an expensive undertaking for venue operators and the introduction of additional training requirements should be balanced against the financial and efficiency cost it will have for venues and any outcomes it would provide to harm minimisation.

If it is decided that a new advanced training program is required, it should only be implemented after comprehensive consultation with industry so that it is appropriately targeted, costs are minimised and a workable transition period is included. The content of the advanced training program should be developed in consultation with industry, academics and clinicians to ensure that it is fit for purpose.

Regional caps and municipal limits (Q17-19)

17. Do you think regional caps and municipal limits should be maintained? Why?
18. Should regional caps be extended beyond the existing capped areas and if so, why?
19. Are the current regional cap and municipal limit levels appropriate?

The current regional caps were implemented in Victoria in 2001 with additional municipal limits introduced in 2006 with the intention of capping the number of gaming machines at either existing levels or at 10 gaming machines per 1,000 adults. As noted in the Consultation Paper, Victoria has the second lowest gaming machine density in Australia with approximately 5.71 machines per 1,000 adults. While the Government may decide to maintain regional caps and municipal limits, the MRC contends that these should be increased to take into account population growth and the initial policy intention to maintain an entitlement level of 10 machines per 1,000 adults.

In our submission to the Government’s Gaming Machine Arrangements Review in February 2016, the MRC detailed a proposal for the creation of destination venues in Victoria. The community understands that racecourses are inherently linked with gambling activities, particularly as wagering is the primary method of funding for the racing industry. The creation of destination venues could lead to the reduction in the proliferation of gaming venues as entitlements are moved from smaller venues to larger venues. Recent gaming studies have found that a reduction in the number of venues will assist problem gamblers (please see the MRC's submission to the Gaming Machine Arrangements Review for further information on this). A solution could be found for the sharing of gaming revenue amongst neighbouring clubs whilst reducing the number of venues.

The consolidation of entitlements in particular regions could see the removal gaming machines from many venues as well as making compliance activities more efficient for the destination venue. For further information on the destination venue proposal, please see the MRC submission to the Gaming Machine Arrangements Review.

Another recommendation detailed in the MRC submission to the Gaming Machine Arrangements Review is the removal of the anticompetitive entitlement restriction between clubs and hotels. Currently a hotel operator can own up to 35% of hotel entitlements whilst a club can only own approximately 3%. This restriction is limiting the ability of clubs to form joint ventures for the
management of clubs or seek mergers. It is also restricting the ability of clubs to exit the gaming space if they choose due to the lack of potential buyers.