

**Productivity Commission Report  
on  
Australia's Gambling Industries**



**Final Submission**  
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Prepared by  
Paul Symond Consultancy  
on behalf of the  
Betsafe group of clubs

Paul Symond Consultancy  
9/137 Rowe Street  
Eastwood 2122  
PH: 9874 0744

The BetSafe Group welcomes the opportunity to resubmit to the Productivity Commission Inquiry into Australia's Gambling Industries following the release of the Draft Report.

**The BetSafe Group has examined the findings and the detail in the draft report and offers the following comments and opinions.**

### **The Commission's key findings**

- Gambling provides some enjoyment to most Australians, over 80 per cent of whom gambled in the last year — spending about \$11 billion — with 40 per cent gambling regularly.
- It is these consumer gains, rather than (mostly illusory) gains in output or jobs, that are the main source of national benefit from the gambling industries.

**The BetSafe Group maintains that another main source of national benefit from our particular club gambling industry, apart from consumer gains, is the economic gain for our local club communities given that a major proportion of club expenditure is spent within the community immediately surrounding the club.**

- The principal rationales for regulating or taxing the gambling industries any differently to other industries relate to:
  - promoting consumer protection;
  - minimising the potential for criminal and unethical activity;and
  - reducing the risks and costs of problem gambling.

**The BetSafe Group believes that our programs for consumer protection and harm minimisation place us well ahead of other members of our own club gambling industry and ALL other arms of the gambling industry in general.**

- Around 330 000 Australians (2.3 per cent of the adult population) are estimated to have significant gambling problems, with 140 000 experiencing severe problems.

**The BetSafe Group acknowledges the need to attempt to determine prevalence but questions the statistical validity of**

**any of the current prevalence measuring instruments. While most of the gambling industry are beginning to acknowledge the existence of problem gambling, the BetSafe Group feels that it is more appropriate to now focus on the harm minimisation strategies.**

- Problem gamblers comprise 15 per cent of regular (non-lottery) gamblers and account for over \$3 billion in losses annually — one-third of the gambling industries' market.
  - They lose on average nearly \$12 000 each per year, compared with \$625 for other gamblers.

**Whilst acknowledging the existence of problem gambling, the BetSafe Group would question the validity of the means of determining annual losses from an indeterminate group. We would acknowledge that problem gamblers do indeed spend more than non-problematic gamblers but we do not place too much credence in the \$3 billion figure.**

- The prevalence of problem gambling is directly related to the degree of accessibility of gambling, particularly gaming machines.

**The BetSafe Group maintains that degree of accessibility carries too distinctively different definitions – one based on accessibility of machines within a venue and another based on accessibility of venues. We strongly maintain that, by delivering Responsible Service of Gambling within our BetSafe venues, we are, to a large degree, neutralising any 'accessibility within venues' effect. However, we do acknowledge that having a non-BetSafe irresponsible venue down the road is a problem for consumer protection with regard to accessibility.**

- The costs include financial and emotional impacts on the gamblers and on others, with at least five people affected for every problem gambler. For example:
  - one in four problem gamblers reported divorce or separation as a result of gambling;
  - one in ten said they have contemplated suicide due to gambling; and
  - nearly half those in counselling reported losing time from work or study due to gambling in the past year.

**The BetSafe Group acknowledges the existence of financial and emotional impacts on problem gamblers and their families and this is one of the many reasons that our Responsible Service of Gambling programs have been implemented.**

- Quantification of the costs and benefits of the gambling industries is hazardous. The Commission's rough estimates of the quantifiable benefits and costs yielded a range of net benefits from as low as \$150 million to as high as \$5.2 billion annually.

**The BetSafe Group agrees that quantification of costs and benefits is hazardous and the estimates in the draft report are just too "rough" to include in the findings. Further investigation of expenditure by the gambling industries within their own local communities, where appropriate, would lead, in the case of our club industry, to a more quantifiable costing of benefits.**

- Policy approaches for the gambling industries therefore need to be directed at reducing the costs of problem gambling — through harm minimisation and prevention measures — while retaining as much of the benefit to recreational gamblers as possible.

**BetSafe couldn't agree more with this finding as it is exactly what we aim to do with our RSG policies.**

- The current regulatory environment is deficient in many respects. Regulations are complex, fragmented and often inconsistent. This has arisen because of inadequate policy-making processes and strong incentives for governments to derive revenue from the gambling industries.

**The BetSafe Group would agree with this finding in general however, our particular arm of the industry, the club industry, appears to be regulated in a more consistent fashion than other arms of the gambling industry. There is little confusion with the regulations covering the Club industry.**

- Restrictions on competition have not reduced the accessibility of gambling other than for casino games. With the possible exception of casinos, such restriction have little justification.

**The BetSafe Group would argue strongly that allowing gaming machines into hotels has markedly increased the accessibility of gambling and diminished the accountability factor of having prospective players sign in at the door. Placing machines in hotels has allowed open and virtually anonymous access to machines.**

- Caps on gaming machine numbers can help reduce accessibility and thus problem gambling. However, more targeted consumer protection measures — if implemented — have the potential to be more effective, with less inconvenience to recreational gamblers.

**The BetSafe Group agrees with the apparent thrust behind this finding. However, we would maintain that a cap on the number venues rather than on the number of machines would provide for logically reduced accessibility whilst enabling responsible service of gambling to reduce the possible harms for problem gamblers and their families. We would argue strongly that to have 20 irresponsible 30-machine venues provides much more accessibility and less accountability than one BetSafe Club with 600 machines.**

- Existing self-regulatory arrangements are inadequate to ensure the informed consent of consumers, or to ameliorate the risks of problem gambling. There are particular deficiencies in:
  - information about the 'price' and nature of gambling products (especially gaming machines);
  - information about the risks of problem gambling;
  - controls on advertising (which can be inherently misleading);
  - availability of ATMs and credit; and
  - self-exclusion arrangements.

**The BetSafe Group provides all of the above within our Responsible Service of Gambling program and considers that our financial commitment to self-regulation of this kind is unparalleled elsewhere in the Australian Gambling Industries or anywhere else in the world. We therefore do not agree with this finding.**

- In such areas, self-regulatory approaches are unlikely to be as effective as explicit regulatory requirements. In most cases, these can be designed to enhance, rather than restrict consumer choice, by allowing better information and control.

**The BetSafe Group would vehemently argue that our current commitment to Responsible Service of Gambling is far more effective than any explicit regulatory requirements that might be implemented short of making the BetSafe program mandatory for the entire gambling industry.**

- Counselling services for problem gamblers serve an essential role, but there is a lack of monitoring and evaluation of different approaches, and funding arrangements in some jurisdictions are too short term.

**The BetSafe Group agrees with this statement on a global 'across-the-board' basis. However, within the BetSafe program, we closely monitor and evaluate the effectiveness of counselling and are committed to long-term funding and continuing involvement.**

- Services, awareness promotion and research activities related to problem gambling, are likely to be most effectively funded from earmarked levies on all segments of the gambling industry, with the allocation of funds independently administered.

**The BetSafe Group agrees with this finding again, on a broad industry-wide basis. However, our member Clubs pay for awareness promotion and services through our financial commitment to this program.**

- Internet gambling offers the potential for significant consumer benefits, as well as new risks for problem gambling. Managed liberalisation — with regulation of licensed sites for probity, consumer protection and taxation — could meet most concerns, but its effectiveness would require the assistance of the Commonwealth

**The BetSafe Group of Clubs does not believe that Internet Gambling will grab a significant market share within Australia over the next five years. We do believe that a strictly regulated Internet Gambling site in Australia has many consumer and industry benefits over an unregulated site overseas. Therefore we would advocate strictly regulated Australian Internet Gambling sites which would offer mandatory RSG operation as a minimum standard and definitely no provision for credit betting.**

- On the basis of available information, there is not a strong or unambiguous case for significantly reducing gambling taxes. Any changes would need to be incremental and carefully monitored.

**The BetSafe Group believes that any changes to the existing taxation imposed on the gambling industry would require detailed consultation with the industry.**

- The mutuality principle, combined with lack of constraints on gaming machine numbers, appears to be distorting the investment and pricing decisions of clubs, with impacts on competitors, but options for dealing with it are not straight forward.

**The BetSafe Group is adamant that Clubs service their immediate communities in a far more productive manner both socially and economically than do hotels who are in the gambling business for direct and personally retained profit. The lack of constraints on gaming machine numbers is more an issue regarding excessive number of venues as discussed above rather than an issue regarding the number of machines.**

- Policy decisions on key gambling issues have in many cases lacked access to objective information and independent advice — including about the likely social and economic impacts — and community consultation has been deficient.

**As community based Clubs, the BetSafe Group would welcome community consultation in all areas of gambling policy.**

- An ideal regulatory model should separate clearly the policy-making, control and enforcement functions.

**The BetSafe Group agrees that policy-making, control and enforcement functions must be separated in an ideal regulatory model.**

- The key regulatory control body in each state should have statutory independence and a central role in providing information and policy advice, as well as in administering gambling legislation. It should cover all gambling forms and its principal operating criteria should be consumer protection and the public interest.

**The BetSafe Group of Clubs would advocate for one statutory independent central body to administer the entire gambling industry with regard to policy advice and administration of legislation. This would allow for some sort of standardisation**



**in control mechanisms and provision of RSG policies for consumer protection and in the public interest.**

## **Some Detailed Considerations**

**Under section 15.6 on page 15.39, the draft report states:**

*“But it is clear that venues cannot deal with the bulk of the problems experienced by gambling. For example, BetSafe, covers around 400 000 patrons. Even if 0.5%<sup>24</sup> of these were experiencing significant problems relating to their gambling, then this represents 2 000 patrons, of which only a minority have been assisted so far under this program.”*

<sup>24</sup> *And since this is a poker machine gambling group, not just a random slice of the adult population, it would be expected to be greater than this.*

**Professor Mark Dickerson (AIGR) has stated on numerous occasions that, in any one year, around 3% of people with a problem would engage in counselling. This would equate to 3% of 2.3% of 400 000 ie 276 over 12 months or 207 over 9 months – BetSafe did 216 ie almost exactly what would realistically be expected.**

**The figure of 207 over nine months does not include BetSafe patrons who contacted G-line, Gamblers Anonymous or any other form of counselling service without going through the BetSafe program. It could conservatively be estimated that another 200+ patrons and or family members might have done this.**

**In addition, the BetSafe program was in its initial implementation phase and had not as yet established an awareness presence amongst the entire population of patrons in BetSafe Clubs.**

**It is envisaged that larger numbers of direct contacts by patrons will take place when brand awareness of the program reaches its peak during the second year of operation.**

## SELF EXCLUSION

**The Self exclusion section under Consumer Protection 15.53, makes no mention of the BetSafe Self Exclusion process yet ‘recommends’ strategies that are contained in BetSafe Policy such as:**

- ◆ *The Commission considers that self-exclusion should take the form of a simple contract written by the problem gambler with the gambling provider, with the gambler, not the venue, being liable for violation of the contract and*
- ◆ *Also, the Commission considers there are grounds for mandatory signs in any gambling venue that indicate any patron may self-exclude, and accompanying pamphlets that explain how self-exclusion works*

**The BetSafe Group went to great lengths to ensure that the Self Exclusion document was a simple, one page contract for patrons wishing to self exclude and promotes the availability of self exclusion to throughout a broad range of materials such as signage, newsletters etc.**

***Page 15.55 – “Self-exclusions are .... of limited usefulness where a problem gambler can simply go to another venue where no self-exclusion contract is in place. Moreover, the greater the number of self-excludees the more difficult it is to monitor whether they try to gain entry to the premises. Self-exclusion is a useful, but modest, adjunct to responsible gambling policies.”***

**The BetSafe Group feels that this shows a lack of understanding of the true benefits of self exclusion. Whilst it may be seen as of limited usefulness when the problem gambler can just go to another venue, experience has shown that such a contract is a major step in a problem gambler’s treatment and that they are much less likely to relapse if such a commitment is made in writing.**

**In addition, the BetSafe Group of Clubs is much more likely than a hotel, where patrons are often unknown, or a casino, where the visitation may be huge, to identify members who have self-excluded.**

## **Other Comments and Observations**

- 1) All Clubs contribute to our Tourism infrastructure.**
- 2) Contribution of Regional Clubs to regional tourism, employment and training. Clubs act as a catalyst in regional areas to attract investment in tourism as other infrastructure funding is not forthcoming. Cluster development is recognised as required to drive any sustainable employment. Clubs investing in tourism infrastructure, motels and sporting facilities provide the starting point for other providers to cluster around and drive sustainable employment.**
- 3) Tourism is recognised as one of the key areas for employment generation, particularly in regional areas. The gaming revenue available to regional clubs allows them to invest in the tourism infrastructure in their region and provide employment regionally that would otherwise not exist.**

**The rich fabric of community life that is apparent in N.S.W. would not exist without clubs investing in their communities.**

## **BetSafe 12 Month Statistics**

**The statistics submitted to the inquiry in our first submission were for the first 9 months of BetSafe operation. The figures below cover the first complete year of BetSafe operation:**

- ◆ Delivered training to 2,674 BetSafe staff & management**
- ◆ Trained 985 BetSafe staff specifically on our Policies & Procedures Manual (intensive training)**
- ◆ Conducted over 102 counselling sessions with staff from BetSafe Clubs**
- ◆ Conducted 548 counselling sessions with BetSafe patrons**
- ◆ Assisted in arranging 124 self-exclusions/exclusions**
- ◆ Took 1544 phone calls from BetSafe Clubs regarding possible**
- ◆ In response to feedback from Club Management and Staff, we are providing a workshop to all BetSafe Duty Managers specifically tailored to their role in Club management and operations**

**In the 3 months from July 1999 a further 5 clubs have joined the BetSafe group. The 16 member clubs are**

**Founding Members**

- Canterbury Bankstown Leagues Club
- Canterbury Hurlstone Park RSL Club
- City Tattersalls Club
- Dee Why RSL Club
- Eastern Suburbs Leagues Club
- Merrylands RSL Club
- North Sydney Leagues Club
- Wentworthville Leagues Club
- Western Suburbs Leagues Club, Ashfield
- Western Suburbs Leagues Club, Campbelltown
- Western Suburbs Leagues Club, Newcastle

**Other Members**

- St Marys Leagues Club
- Guildford Leagues Club
- Port Macquarie RSL
- Lidcombe Catholic Workmens Club
- Balmain Leagues Club

**There are over 5,000 gaming machines in operation throughout these venues. This number represents almost 10% of the total number of gaming machines in New South Wales clubs. Discussions are underway with a further 10 clubs and in keeping in line with measured expansion it is envisaged BetSafe will double in size by the end of this financial year.**