QUEENSLAND HOTELS ASSOCIATION

27 March 2009

Gambling Inquiry
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

Dear Sir / Madam

Thank you for the opportunity to submit comments in relation to the current inquiry into Australia's gambling industries. The submission of the Queensland Hotels Association is enclosed.

This submission by the Queensland Hotels Association should be read in conjunction with that of the Australian Hotels Association, of which the Queensland Hotels Association is an affiliated State branch.

Please do not hesitate to contact me should you require clarification or expansion on any of the issues raised.

Yours sincerely

Justin O'Connor
Chief Executive

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QUEENSLAND HOTELS ASSOCIATION

QUEENSLAND HOTELS ASSOCIATION (QHA)

SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO AUSTRALIAN GAMBLING

MARCH 2009

QUEENSLAND HOTELS ASSOCIATION (QHA) SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO AUSTRALIAN GAMBLING – 2009

Introduction

Australian hotels are amongst the businesses which include various forms of gambling in the entertainment and consumer products on offer. Gambling products do not represent the main form of revenue for hotel businesses, the main sources of revenue for which remains food and beverage products, but gambling is nonetheless an important entertainment product, source of revenue, and attractor of customers for more than 57% of hotels in Queensland (ratio 770/1350).

Not all hotels in Queensland, or Australia, offer gambling products. Of the 1,350 hotels in Queensland, approximately 770 offer electronic machine gaming, approximately 450 offer wagering through PubTAB facilities, and around 544 offer electronic Keno, a low-volume, long-play and low-profit product.

In 1999, the Australian Productivity Commission produced a report into Australia's gambling industries. That report concluded that the vast majority of Australian gamblers did so enjoyably and without adverse social or financial consequences. In effect, the vast majority of the more than 80% of the adult population who gambled did so responsibly and as a form of recreation, and without adverse social or financial consequences. This majority of gamblers considered gambling to be a social form of entertainment, with modest winnings or losses considered a natural and acceptable part of the overall gambling experience.

The report also concluded that some gamblers could be categorized as 'problem gamblers' due to their gambling addiction or due to adverse consequences of their gambling habits and/or losses. Further, the report concluded that regulatory and policy approaches to gambling should be directed towards reducing the prevalence of problem gambling through a combination of harm minimization and prevention measures whilst, at the same time, retaining as many of the benefits of recreational gambling as possible.

The 1999 singled out the (at that time) recent growth of electronic machine gaming as a particular contributor to problem gambling by virtue of the increased accessibility to Electronic Gaming Machines (EGMs) and the growth in numbers of those machines. In relation to machine gaming, it made the following recommendations:

- The (1999) regulatory environment was deficient;

- A lack of constraint in (the growth of) gaming machine numbers was contributing to problem gambling;
- Venue caps on gaming machines are preferable to State-wide caps in helping to moderate (the accessibility drivers of) problem gambling; and
- Policy approaches for the gambling industries need to be directed at reducing the costs of problem gambling.

Globally, the 1999 report recommended that a key regulatory control body in each state or territory should have statutory independence and a central role in providing … policy advice, as well as in administering gambling legislation.

This submission will demonstrate that Queensland has made successful, enduring and across-the-board improvements in each of the five areas that are listed above, together with other areas of regulation and control and, as a consequence, has developed a much improved responsible gambling framework and gambling environment since 1999. Some of the changes have been of such significance, for example individual site caps and a whole-of State cap on gaming machine numbers in hotels, clubs and casinos, so as to completely neutralize the implied criticism offered in the 1999 Productivity Commission report.

Background

The research and data which informed the Productivity Commission's 1999 report was, by the report's own admission, immature, and in many cases lacked objectivity and independence.

At that time, the electronic gaming machine environment in Queensland was itself quite immature, having been first introduced into Queensland clubs and hotels in 1993. Although the 'start-up' regulatory and legislative environment adopted in Queensland to attend the introduction of electronic gaming was based on then best practice, modifications and improvements since that time have served to significantly improve the regulatory environment for machine gaming in Queensland, with consequent benefits in problem gambling.

The 1999 report concluded that around 1% of adult Australians had severe problems with their gambling, and flagged this as an area for further regulatory action.

This Submission

This submission will focus upon the electronic gaming machine environment in Queensland and demonstrate that, as a consequence or regulatory intervention since 1999 including venue, sector and State-wide caps on the number of gaming machines, and as measured by the comprehensive *Queensland Household Gambling Surveys,* incidents and numbers of problem gamblers have been reduced in Queensland, and that problem gambling continues to trend downwards. In effect, this submission will demonstrate and validate how the principal concerns raised by the Productivity Commission in its 1999 report, have been addressed with positive results by the Queensland Government, gambling regulator and the Queensland gambling industry.

This submission should be read and considered in conjunction with the submission of the Australian Hotels Association (AHA) which, in consultation with its State branches, has developed a submission which looks at the Australian hotel industry gambling network in an holistic and partly generic manner, with a national approach.

Gambling as a Consumer Product in Queensland Hotels

Queensland hotels are principally involved in the sale of on-premise and off-premise alcoholic and other beverages, food, and the provision of a range of entertainment products. In recent decades, hotels have sought to expand their product offering though a range of entertainment options and products including live and recorded music, various forms of gambling, and more innovative products such as coffee shops, beauty treatments, and events such as trivia, non-gambling card games, and electronic general knowledge challenges. There has been a steady and consistent shift towards providing a multi-facetted entertainment venue so as to broaden the appeal of hotels to as wide a demographic group as possible.

In this environment, gambling and machine gaming is considered as simply two products within an expanded range of entertainment options in hotels. In Queensland, this reality is underpinned by a single hotel venue cap of 40 EGMs, within an overall hotel industry cap of 19,310 shared amongst 770 gaming hotels – an average of 25 EGMs per hotel. There are more than 400 hotels in Queensland with no gaming or gambling services.

As a general policy, hotels aim to make each profit centre within their business profitable in its own right, without cross-subsidization across product ranges or profit centres. By way of example, Queensland’s leading, award-winning, and strongly profitable hotel venue the Story Bridge Hotel at Kangaroo Point in Brisbane has only a modest gaming operation and income from gaming profits, yet successfully markets itself as a desirable, multi-faceted entertainment venue within this ‘limitation’.

The Queensland Hotel Industry

Queensland’s hotel industry operates responsibly, and provides hospitality and entertainment for millions of Queenslanders each week. It generates 80,000 jobs, and is the backbone of the State’s tourism capacity.

The hotel industry is a highly-regulated, highly-taxed, private sector entity. It provides multi-facetted entertainment venues where millions of Australians happily recreate in a social and secure environment every day of the year.

Hotel Industry Statistics:

- There are approximately 1,150 hotels in Queensland comprising 1,000 trading hotels, and 150 accommodation-style hotels and resorts. There is very little growth in the number of hotels, even though the Queensland population is growing at 3% per annum.
- The hotel sector employs around 44,000 people in a mixture of permanent, casual, and part-time work arrangements. A further 36,000 jobs are generated indirectly by the hotel industry in allied and professional disciplines such as accounting, training, security, legal, advertising, transportation, brewing, gaming manufacture, gaming monitoring, distribution, live music, recorded music, wagering, finance, real estate, construction, cleaning, information and media technology, food, and insurance, to name a few. A gross figure of 80,000 jobs attaches to the hotel sector in Queensland.
- Capital and commercial value of hotels - more than $4.2 billion;
- Annual direct support to charity and community causes - >$17 million;
- Annual contributions to the (Queensland Government) Health Services Fund - > $30 million;
- Annual live music performances - 42,000;
- Annual expenditure on hotel redevelopments - >$70 million;
- Annual revenue generated by hotel businesses $2.778 billion.
- Annual operating profits of the hotel sector are in excess of $240 million (before tax), which represents an average operating profit margin of 7.1%.
- Average turnover per hotel business is $3.4 million per annum.

Annual retail sales exceed $2.7 billion with the public buying:

- 55 million meals;
- more than 160 million litres of beer;
- more than 20 million litres of wine (200 million glasses);
- more than 8 million cups of coffee;
- more than 12 million litres of soft drink and water;

Revenue by product: is as follows:
- liquor and other beverages – 60.3% (53% of this <u>revenue</u> is from on-premise sales);
- food including meals – 10.8%; and
- wagering and gaming – 24.3%.

Hotel Industry Revenue Trends

For much of the last 25 years, there has been consistent albeit minimal real growth in the revenue of the hotel industry. In real terms revenue growth declined throughout much of the 1980s and early 1990s, before experiencing some periods of sustained growth. In recent years the hotel industry has experienced steady annual real growth, which has coincided with a prosperous economic climate, and significant surpluses in disposable income of consumers. The relatively mild growth during this period, suggests that the hotel industry is mature, and that significant annual growth fluctuations are unlikely to occur.
However, even though industry growth has been moderate for many years now, given the declining number of hotel businesses and premises, the average income per hotel must be steadily increasing. ABS survey data suggests that income per business and per premises has been steadily increasing since 1997-98. So, whilst the number of hotels has been declining, those which survive in the market have been growing. This growth in average revenue can be partly explained by the growing population in Queensland combined with the declining number of hotels.

Notwithstanding the above, the viability of the hotel sector remains highly vulnerable to changes in government taxation and regulation. By way of example, when the Queensland Government introduced a total indoor smoking ban in Queensland licensed venues in June 2006, the next twelve month period saw a decline in total revenue in the hotel sector of 11% (more than $200 million). Gaming turnover declined 9% during this period. This decline was directly attributable to the total indoor smoking ban, as the wider economy continued to expand during that period, and there were no other negative factors impacting on hotel sector revenue. In more recent times, hotel revenue and profitability has been negatively and significantly impacted by a reduction in consumer confidence and expenditure as a consequence of the global financial crisis of 2008 – 2009, and by the imposition of State government annual liquor license renewal fees, and a wide range of mandatory compliance and mandatory training requirements, the cost of which must be borne by industry.

Hotel Industry Trends and Outlook

- The number of hotels in Queensland has declined over the last 10 years, with an average of between six and eight hotels closing for good each year in the last decade, prior to that, there was a much more rapid decline in hotel numbers due to urban population drift.
- Revenue growth in the industry has been minimal over the last 25 years, indicating that the industry is mature.
- Hotels anticipate that employment levels are likely to remain the same over the next three years.
- In Australia (and Queensland) gambling expenditure as a proportion of household disposable income has been in decline since 1999.

Direct Community Benefit Derived from the Hotel Sector

Hotels play an important role in all communities, and particularly in rural and smaller communities where the hotel (and publican) tends to be the centre of community life and the principal focus for community events of all types. The subject of ‘community benefit’ will be covered globally and comprehensively by the Australian Hotels Association in its submission to the Productivity Commission. Generally speaking, the direct and indirect community benefit attributable to the Queensland hotel sector will be a sub-set of the national hotel picture (with Queensland representing approximately 20% of the total national hotel industry. In general terms, the Queensland hotel industry contributes to the community in the following areas:

- Employment – particularly for ab initio employment, jobs for young people, jobs for women, jobs for low and no skilled candidates.
- Taxation – PAYG, superannuation, GST, land taxes, payroll taxes, and direct State taxes on gaming and licensing fees and chafes.
- Training – formal, compliance and informal training – estimated to be worth more than $40 million per year in the Queensland hotel industry.
- Purchase of produce, products and services from local and national suppliers.
- Provision of entertainment and recreation for individuals, groups, and tourists.
- Provision of low-cost and high-convenience accommodation, particularly in regional and remote areas.
- Support for community events – monetary, in kind, venue and remote catering services for community events and programs.
- Direct and indirect support to charity, youth, sporting, religious and wider community causes and clubs – estimated to be worth more than $17 million per year from Queensland hotels.

Queensland’s Responsible Gambling Environment

Queensland has Australia’s most sophisticated and successful responsible gambling environment based on an integrated, comprehensive and best-practice array or regulatory, educative, policy, preventative, and training regimes, many of which were either in infancy or not in place when the Productivity Commission’s 1999 Report was developed. The current regulatory and supervisory environment is anchored in the following integrated system of regulation and control:

- ***The Queensland Responsible Gambling Strategy***: Since 2002, Queensland has embraced a *Responsible Gambling Strategy* which aims to balance the social and economic benefits, and the costs of gambling, including problem gambling. The Strategy provides a framework for development of problem gambling prevention initiatives, community education, an industry code of practice, early intervention approaches, expanded treatment and support services and a comprehensive research agenda. The responsible gambling strategy is delivered through a joint commitment by the gambling regulator and the gambling industry to the guiding principle of ethical and responsible behaviour. Over time, the Responsible Gambling Strategy sets the basic ground-rules for developing and refining responsible gambling practices and policies in Queensland. The Queensland Responsible Gambling Strategy identifies six key areas for priority action, and summarises the approaches to be used in achieving positive and progressive outcomes in these areas. A copy of the *Responsible Gambling Strategy* is enclosed with this submission.

- ***The (Queensland) Responsible Gambling Advisory Committee***: The Responsible Gambling Advisory Committee (RGAC) is an advisory body of the Queensland Government which was formed in 2001. The RGAC provides expert strategic advice to the Queensland Government on emerging social issues associated with gambling, and advice on how to minimise the negative impacts of gambling on Queenslanders. The RGAC functions as the principal responsible gambling advisory body to the Queensland Treasurer, the Minister responsible for gambling.

  The RGAC is unique in being able to bring together members and stakeholders who have a shared commitment to responsible practice and who represent the community sector, gambling industry, and relevant government agencies, the representatives of which have a commitment to working together to achieve and refine responsible gambling. The RGAC wider role involves providing advice, promoting partnerships between community groups, industry sectors and the Queensland Government, and the provision of a forum for the exchange of views.

  The three key values of integrity, collaboration and commitment to excellence underpin this success.

  Key achievements of the RGAC have been:

  - ***Queensland Responsible Gambling Strategy*** – the RGAC has developed the Responsible Gambling Strategy to provide a framework to develop and deliver responsible gambling initiatives in a planned, enduring and coordinated manner.

  - ***Queensland Responsible Gambling Code of Practice*** - encompasses a whole-of-industry voluntary approach to responsible gambling in Queensland.

  - ***Responsible Gambling Curriculum Modules*** - support students to demonstrate outcomes from the Queensland School Curriculum Council Health and Physical Education Years 1 to 10 Syllabus.

- ***The Responsible Gambling Training Framework for Industry*** - outlines the enhancement of training support for personnel working in gambling-related venues.
- Support for the expansion of the Gambling Support Service System in Queensland.

Cultural diversity and regional differences across Queensland are also taken into account.

A number of Advisory Committee sub-groups also function to provide expert advice on particular responsible gambling issues. Additionally, members access their wider networks and invite them to participate in the process of exchanging views at Advisory Committee meetings.

The RGAC meets a minimum of Quarterly or more frequently as required. The first *regional* meeting of the RGAC was held in Townsville in August 2002, and the RGAC now holds at least one meeting a year in a regional location.

- ***The Queensland Responsible Gambling Code of Practice***: Since 2000, the Queensland Government, the RGAC and the gambling industry have developed and implemented the *Queensland Responsible Gambling Code of Practice* (the Code). The *Code of Practice* is a voluntary, whole-of-industry commitment to best practice in the provision of responsible gambling. It is the first whole-of-industry Code in Australia, but also recognizes the diversity within the gambling industry by articulating how the various responsible gambling practices apply to each sector of the industry. The *Code of Practice* is supported by the Queensland Responsible Gambling Resource Manual (see below). The *Code of Practice* is a dynamic and evolving set of principles which is overseen by the RGAC, and which is responsive to developments in technology, gambling practice, remedial outcomes, and research. A copy of the Code of Practice is enclosed with this submission. The *Code of Practice* defines a range of responsible gambling practices and describes how each practice applies in different types of gambling. It covers the full spectrum of commonly encountered situations and practices, and commits the gambling industry to implement a range of customer protection measures. Specifically, the Code commits gambling providers to adhere to the six categories of responsible gambling practices, namely: provision of information, physical environment, exclusions, financial transactions, advertising and promotions, and customer and community liaison.

- ***The Queensland Responsible Gambling Resource Manual*** : First developed in 2002, and with subsequent versions and improvements, the *Queensland Responsible Gambling Resource Manual* is the 'blueprint' describing how responsible gambling is overseen and practically delivered in Queensland. A copy of the latest Version 2 – 2006, is included with this submission. The Manual is a 'how to' document which assists gambling providers to met their responsibilities under the Code of Practice by providing practical advice and guidance in relation to on-site and corporate policies and practices. The Resource Manual includes:

- *Guidance for gambling providers to develop and implement their own specific-to-venue responsible gambling practices and policies;*
- *Examples of best practice as both aspirational and actual targets; and*
- *Outlines of responsible gambling strategies and protocols specific to each sector of the gambling industry e.g. hotels, clubs, casinos, lotteries, racing etc*

- ***The Queensland Responsible Gambling Training Framework for Industry***: The training framework outlines criteria for the development and implementation of responsible gambling training programs, the specific outcomes to be demonstrated by gambling provider employees, as well as benchmarks to indicate best practice. The overall purpose of the training framework is to enhance and improve the knowledge and skills of gambling managers and employees and to promote a deeper understanding and wider application of responsible gambling approaches. This, in turn, leads to safer and more supportive gambling environments for consumers.

- ***The Queensland Responsible Gambling Website and resource centre at www.responsiblegambling.qld.gov.au***. The Office of Liquor, Gaming and Racing (OLGR) maintains a comprehensive responsible gambling, gambling assistance and industry support resource in the form of a responsible gambling website. This site functions as a 'one stop shop' for gambling-related research and assistance in Queensland, including providing access to legislation, reports, research outcomes, educational material, player information, statistical information, responsible gambling guidelines, and so on. This resource is a much-used aid to industry and others in sustaining interest in responsible gambling practices, due to convenience of access and the comprehensive nature of material available through the website.

IMPROVEMENTS IN QUEENSLAND'S RESPONSIBLE GAMBLING ENVIRONMENT SINCE 1999

The comprehensive and integrated responsible gambling system outlined above has been developed and implemented in the period since the Productivity Commission's 1999 report into Australia's gambling industry. This fact clearly demonstrates the substantial progress which has been made in addressing some of the shortcomings in regulatory control and supervision which were identified in that report, and the level of commitment and practical involvement in furthering the development of a responsible gambling culture in Queensland. In particular, the 1999 report's concerns about regulatory governance of gambling have been taken seriously in Queensland, and government and industry have supported a sustained commitment to improving not only industry governance, but also the culture of responsible gambling. As a consequence, a wide range of regulatory, educative, and patron assistance measures have been introduced since that time which focus entirely on reducing the incidences of, and addressing the harmful effects of, problem gambling.

In relation to regulatory governance, the Productivity Commission's 1999 report set out a practical blueprint for regulatory control of gambling which might incorporate:

- Separating policy making from regulatory and enforcement functions;
- Establishing an independent gambling authority aimed at furthering the public interest and consumer protection (with regards to gambling); and
- Establishing an independent board to administer community benefit funds, fund counseling and harm minimization programs, and to conduct research.

Queensland has chosen not to adopt the governance 'model' suggested in the Productivity Commission's 1999 report but, rather, has vested the regulation and enforcement obligations for gambling within a single, expert government agency called the Office of Liquor, Gaming, and Racing (OLGR). This body serves as a centre of excellence for the administration of gambling, and also oversees the administration of gambling research functions, and provides the secretariat for the (independent) Responsible Gambling Advisory Committee. The OLGR also provides administrative and research support for the (independent) Queensland Gaming Commission.

Queensland Gaming Commission

A number of practical and supervisory responsibilities, with regards to gaming in Queensland, are vested in the Queensland Gaming Commission. The Commission is an independent statutory body established under the provisions of the *Gaming Machine Act 1991*. Its functions include:

- Granting, canceling and suspending various gaming-related licenses;
- Determining the permitted hours of gaming at sites and other operations conditions; and
- Determining the maximum number of gaming machines operable at sites.

Under the provisions of the *Gaming Machine Act 1991,* the Commission's responsibility is to balance the potential benefits of machine gaming against the potential for harm to the community. Within its decision making processes, the Commission maintains a focus on responsible gambling issues, assessing the risk or potential risk of problem gambling. As such, the Commission acts as one of the internal, independent checks and balances within the Queensland regulatory framework of machine gaming. Examples of the Commission's recent involvement in recommending change to Queensland's gaming operations include:

- In 2008, the Commission drafted new guidelines for the acquisition and sale of gaming machine operating authorities;
- In 2008, the Commission drafted new guidelines for advertising requirements associated with (gaming) applications of significant community interest; and
- In 2008, the Commission drafted new guidelines for hours of gaming.

In practice, the majority of the (independent) Commission's work involves assessing the suitability of applications for gaming machine licenses, thereby providing an independent, objective and impartial decision-making body to undertake this function.

In relation to machine gaming, the Productivity Commission's 1999 report it made the following observations:

- The (1999) regulatory environment was deficient;
- A lack of constraint in (the growth of) gaming machine numbers was contributing to problem gambling;
- Venue caps on gaming machines (were) preferable to State-wide caps in helping to moderate (the accessibility drivers of) problem gambling; and
- Policy approaches for the gambling industries need to be directed at reducing the costs of problem gambling.

Since 1999, the Queensland Government and gambling industry has responded to these observations in the following manner:

- **The (1999) regulatory environment was deficient :** this observation was made by the Productivity Commission in relating to the national regulatory environment. At the time of the 1999 report, Queensland's regulatory framework in relation to machine gaming was in its formative phase, with machine gaming having been introduced only six years prior to the Commission's 1998 research. From 2001, the Queensland Government has progressively introduced its *Responsible Gambling Strategy* and support programs, all of which is outlined earlier in this submission. This strategy, supported by regulatory amendment, the Responsible Gambling Code of Practice, and a range of mandatory training regimes has transformed and deepened Queensland's regulatory environment for gambling since 1999.

- **A lack of constraint in (the growth of) gaming machine numbers was contributing to problem gambling :** At the time of the 1999 Productivity Commission report, there were no sector caps on the allocation or growth of gaming machines in Queensland although there were individual site caps for hotels and clubs. Since that time, the growth of gaming machine numbers in

Queensland has been stopped through the legislated introduction of State-wide caps on the both the hotel an club sectors. From 2003, a sector-wide cap has been on the number of EGMs in hotels. This cap stands at 20,000 machines, although a two-year interim Moratorium was applied in April 2008 which restricted the cap to 19,310 until April 2010. At that time (Apr 2008) and interim sector freeze was imposed on the number of EGMs in the Club sector. In November 2008 that interim freeze was amended to a sector-wide cap on the club sector in Queensland at a figure of around 26,500, with the two-year Moratorium being left in place. As a consequence, there is effectively an indefinite gaming sector cap of around 50,000 EGMs in Queensland (including the casino sector). In the context of a rapidly growing population, where Queensland's population continues to grown at more than 100,000 per annum, this means that the ratio of gaming machines to population is being diluted and will continue to be diluted to well beyond the Australian average over time.

- **Venue caps on gaming machines are preferable to State-wide caps in helping to moderate (the accessibility drivers of) problem gambling :** Venue caps are in place in Queensland for both the hotel and club sectors. Currently, hotels are limited to a per-venue number of 40 EGMs, and each club venue is limited to 280 EGMs. With regard to the hotel sector, there are 770 hotels which offer gaming in some form under a sector-wide cap of 20,000 machines (currently artificially restricted to 19,310) for a per-hotel venue average of around 25 EGMs per site. This is likely to remain the situation for the foreseeable future. Whilst the QHA is not an authority on Queensland clubs, it is understood that there are less than 20 clubs with anywhere near the maximum permitted number of 280 EGMs, and that the average club holding of EGMs is in the order of 45 per club venue. Once again, under industry and State-wide caps, this is likely to remain the situation for the foreseeable future.

- **Policy approaches for the gambling industries need to be directed at reducing the costs of problem gambling :** The gambling industry in Queensland understands that there are a small number of problem gamblers associated with its business. Further, it understands that it has a commitment to assist in the education of gamblers, the facilitation and promotion of gambling help services, and the maintenance of an effective exclusions regime for problem gamblers. In short, industry recognizes that there will be problem gamblers, and accepts an obligation to assist problem gamblers. Once again, the sole purpose of the Queensland Responsible Gambling Strategy is to develop and deliver responsible gambling initiatives and programs in a planned and coordinated manner. In doing so, the Strategy focuses on the prevention of problem gambling, as well as developing treatment and support options. The Strategy delivers responsible gambling outcomes through the six areas identified for priority action, each of which contributes to reducing the prevalence of problem gambling and its impacts when it does occur.

The Queensland Gambling Exclusions Regime

One of the most effective ways in which intervention (and the commencement of serious remedial assistance) can be offered to problem gamblers is through an effective exclusions regime. This means that, through a formal system, problem gamblers can be identified and either self-exclude from gambling venues or be excluded from gambling venues by the gambling service provider.

Since the Productivity Commission's 1999 review, Queensland has introduced new and comprehensive legislation to put in place a universal, comprehensive and mandatory exclusions regime in all gaming venues in the State. New laws governing exclusions commenced in Queensland on May 1 2005. These laws were encompassed within the *Gambling Legislation Amendment Act 2004,* and were subject to comprehensive review in 2008.

The Queensland exclusions system offers the option of banning a patron from specific gambling providers, gambling products or services, or from all types of gambling.

Exclusion provisions are aimed at supporting patrons who are, or who are at risk of, engaging in problem gambling behaviours.

An exclusion can be either:

- requested by a patron (self-exclusion); or
- directed by a gambling provider (venue-initiated exclusion).

It is the responsibility of all gambling providers under legislation to actively enforce exclusion procedures with patrons. Gambling providers are obliged to provide assistance to patrons who present for self-exclusion and to follow through with the exclusion process.

Gambling venues must have available a number of required forms and documents that must be referred to when undertaking an exclusion. Gambling venues must also have on duty a suitably qualified staff member or supervisor who is able to assist a patron with advice, and completion of exclusions documentation.

Key features of the Queensland exclusions laws are:

- a duty is created for gambling providers to exclude a patron when the patron requests to be self-excluded;
- the legislation gives gambling providers the authority, but not a duty, to initiate exclusions (venue-initiated exclusions);
- penalties can be imposed on gambling providers, employees and patrons for not complying with the legislation;
- contact details of counselling services will be provided to patrons who are excluded;
- venue initiated exclusions will remain in place for five years unless a written application is made to the venue and the gambling provider agrees to revoke the order. Applications can only be made once in any twelve month period;
- self-exclusions remain in place for five years and cannot be revoked within 12 months of first being initiated, unless a revocation order is submitted in the 24 hour cooling off period;
- with the permission of the patron, the gambling provider may, as a condition of re-entry, actively monitor identified problems against agreed risk indicators;
- when a gambling provider decides to exclude a person or refuse an application for re-entry by an excluded person, the person may make an appeal to a Magistrates Court;
- Gambling providers are required to keep a register of exclusions;
- Gambling Providers will be required to send periodic reports to the Queensland Office of Gaming Regulation on exclusions notices, orders and directions, and revocation notices; and
- Gambling Providers will be required to notify the Office of Gaming regulation as soon as practicable of any contravention of orders and directions.

Industry training

Since 1999, Queensland has progressively introduced a regime of mandatory industry training involving:

- Mandatory training for all gaming nominee license holders;
- Introduced voluntary Responsible Service of Gambling training for gaming room staff as a best practice initiative under the Code of Practice (this training

is likely to become a mandatory qualifying requirement in the near future); and

- Specific training for customer liaison officers focused on assistance to problem gamblers and practical application of exclusions policies.

Emergence of a Local Responsible Gambling Network

Queensland is currently adding depth to its responsible gambling framework through the roll out of local responsible gambling forums under the Responsible Gambling Network (RGNet) model, where emerging responsible gambling issues are identified and discussed with a view to practical and locally –targeted solutions being found for specific problem gambling issues. It is envisaged that the RGNet system will act as a local filter and distribution channel for the work of the Responsible Gambling Advisory Committee (RGAC).

The Queensland Household Gambling Survey (s)

Whilst the Queensland Responsible Gambling Strategy provides a strong framework for the prevention and rehabilitation of problem gambling, empirical and reliable research about the trends in and impacts of gambling in the community are a central and necessary element of the evidence-based approach to gambling oversight and development that the Queensland community supports. In this regard, the Queensland Government and gambling industry has developed and implemented an ongoing series of Queensland Household gambling Surveys. To date, three surveys have been conducted in 2001, 2003-04, and 2006-07. These surveys use sophisticated methodology to monitor and assess gambling activity and prevalence in Queensland, and to present research findings to the RGAC and the Government. Consequently, the reports of the Queensland Household Gambling Surveys play a pivotal role in enhancing and informing responsible gambling policies, programs and practices over time. In effect, the Queensland Household Gambling Survey is the cornerstone of iterative improvements and enhancements to Queensland's gambling industries, based on empirical, recent and relevant information, gained from the community which it serves. By informing key stakeholders in a timely and holistic manner, and by providing rigorous and comprehensive gambling data, the survey provides the basis for iterative and consistent improvement to Queensland's already high quality responsible gambling framework.

The most recent survey conducted in Queensland is the *Queensland Household Gambling Survey 2006 – 2007*. The survey was one of the largest of its kind ever undertaken in the world, and involved the computer-assisted telephone interview of 30,000 Queenslanders from throughout the State. The Survey collected reliable information about the gambling activity of Queensland's adult population. Results were assessed using the Canadian Problem Gambling Index (CPGI), a widely accepted industry and research benchmark. The 2006 – 2007

Survey followed on from similar surveys conducted in Queensland in 2003 – 2004 and 2001 and, consequently, data is able to be readily compared.

The 2006 – 2007 Survey indicated unequivocally that the Queensland Responsible Gambling Strategy is having a positive effect on the level of problem and at risk gambling in Queensland. The Survey reports that:

- **Problem gamblers in Queensland have reduced** from 0.55% of the adult population to 0.47 % - a reduction of 14.5% since the previous Survey.
- **Moderate risk gamblers have reduced** from 2% of the adult population to 1.8% - a reduction of 10% in quantum.
- It is assessed that there are 14,000 problem gamblers (as defined) in a State population which exceeds 4,400,000.
- **Total non-gamblers have increased** from 19.7% of the adult population to 24.7%.
- **Recreational gamblers have reduced** from 72.4% of the adult population to 67.3% of the population.

These key indicators show that Queensland's Responsible Gambling Strategy is working, and directly refute media and other commentary that the incidence of problem gambling is rising, and that there is any form of crisis of gambling in the State. ***This objective data clearly shows that the vast majority of adult Queenslanders gamble in a responsible way, or do not gamble at all***.

The Queensland hotel industry is a proud contributor to Queensland's responsible gambling system, and the legislative and industry practice framework which makes our State the benchmark for responsible practice in Australia. Our industry supports a proactive, whole-of-industry approach to the promotion of best practice in the provision of responsible gambling. Further information about the *Queensland Household Gambling Survey 2006 – 2007* can be found at www.responsiblegambling.qld.gov.au, and a copy of the Report is enclosed with this submission.

Summary

In 1999, the Australian Productivity Commission produced a report into Australia's gambling industries. That report concluded that the vast majority of Australian gamblers did so enjoyably and without adverse social or financial consequences. In effect, the vast majority of the more than 80% of the adult population who gambled did so responsibly and as a form of recreation, and without adverse social or financial consequences. This majority of gamblers considered gambling to be a social form of entertainment, with modest winnings or losses considered a natural and acceptable part of the overall gambling experience.

The report also concluded that some gamblers could be categorized as 'problem gamblers' due to their gambling addiction or due to adverse consequences of their gambling habits and/or losses. Further, the report concluded that regulatory and policy approaches to gambling should be directed towards reducing the prevalence of problem gambling through a combination of harm minimization and prevention measures whilst, at the same time, retaining as many of the benefits of recreational gambling as possible.

Sine that 1999 report, Queensland has developed and put in place a comprehensive and integrated responsible gambling framework which is outlined elsewhere in this submission. As a consequence, substantial progress has been made in addressing some of the shortcomings in regulatory control and supervision which were identified in the Commission's 1999 report, and the level of commitment and practical involvement in furthering the development of a responsible gambling culture in Queensland has been significantly enhanced. In particular, the 1999 report's concerns about regulatory governance of gambling have been progressed significantly in Queensland, and government and industry have supported a sustained commitment to improving not only industry governance, but also the culture of responsible gambling. As a consequence, a wide range of regulatory, educative, and patron assistance measures have been introduced since that time which focus entirely on reducing the incidences of, and addressing the harmful effects of, problem gambling. Further, the three Queensland Household Gambling Surveys which have been conducted in Queensland between 2001 and 2007 show a net reduction in recreational gambling, a reduction in t risk gambling, a a reduction in problem gambling, both of the latter from already-low bases.

In addition, and in recognition that the 'system' has an obligation to assist problem gamblers, Queensland continues to support and enforce comprehensive gambling exclusions requirements and help services for at risk and problem gamblers. In short, we have made steady and positive progress towards developing a more responsible gambling culture and in mitigating the impacts of problem gambling since 1999, including the imposition of a total State-wide cap on the number of gaming machines in the State, despite a rapidly growing population.

Conclusions

Although some critics and media commentators would have the community believe that Australia has a gambling crisis, even a cursory examination of the available research and empirical data will demonstrate that Australia has developed a more responsible approach to gambling, and particularly to electronic machine gaming, since the Commission's 1999 report was derived. As the gaming industry and its attendant regulatory framework has matured, so has the focus of industry and government regulation turned to addressing how problem gambling, and its associated social and emotional impacts, might better be mitigated and restricted. The current responsible gambling regulations and framework in Queensland offer the prospect of further improvements in this State's gambling culture and problem gambling intervention and treatment services in the years ahead.

Further information

Further information about this submission may be obtained from:

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- Justin O'Connor, Chief Executive QHA, ph 07 3221 6999

Enclosures:

1. The Queensland Responsible Gambling Strategy Feb 2002
2. The Queensland Responsible Gambling Code of Practice May 2004
3. Report on the Cultural Shift Review of Queensland Responsible Gambling Code of Practice 2008
4. Report on the Implementation Review of the Queensland Responsible Gambling Code of Practice 2004
5. Queensland Responsible Gambling Code of Practice Hotel Resource Manual Version 2 2006
6. Practice 6 (gambling) Advertising & Promotions for all industry sectors
7. Report of the Queensland Household Gambling Survey 2001
8. Report of the Queensland Household Gambling Survey 2003-04
9. Report of the Queensland Household Gambling Survey 2006-07
10. Results of the 2002 Queensland Survey of Operational Machine Gaming Sites
11. Results of the 2003 Queensland Survey of Operational Machine Gaming sites
12. Results of the 2004 Queensland Survey of Operational Machine Gaming Sites

13. Results of the 2006 Queensland Survey of Operational Machine Gaming Sites

14. Annual Report of the Queensland Gaming Commission 2007 - 08