



The BetSafe Group

**Submission to the Productivity Commission
Inquiry into**

Australia's Gambling Industries

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1. Scope of Inquiry and Submission

1.1 Terms of Reference

Background

There is a need for a better understanding of the performance of the gambling industries and their economic and social impacts across Australia, including their impact on the retail, tourism and entertainment industries and on Commonwealth and State/Territory Budgets. Little is known about the social impacts of the rapid growth in gambling.

Scope of Inquiry

In particular, the Commission should examine and report on:

- (a) the nature and definition of gambling and the range of activities incorporated within this definition;
- (b) the participation profile of gambling;
- (c) the economic impacts of the gambling industries, including industry size, growth, employment, organisation and interrelationships with other industries such as tourism, leisure, other entertainment and retailing;
- (d) the social impacts of the gambling industries, the incidence of gambling abuse, the cost and nature of welfare support services of government and non-government organisations necessary to address it, the redistributive effects of gambling and the effects of gambling on community development and the provision of other services;
- (e) the effects of the regulatory structures - including licensing arrangements, entry and advertising restrictions, application of the mutuality principle and differing taxation arrangements - governing the gambling industries, including the implications of differing approaches for industry development and consumers;
- (f) the implications of new technologies (such as the internet), including the effect on traditional government controls on the gambling industries;
- (g) the impact of gambling on Commonwealth, State and Territory Budgets; and
- (h) the adequacy of ABS statistics involving gambling.

The Commission should take account of any recent relevant studies undertaken or under way and have regard to the economic, social, and regional development objectives of governments.

1.2 Addressing the Terms of Reference

The BetSafe Group submission addresses elements a), b), c), d), e) and f) of the Terms of Reference for this inquiry.

Elements g) and h) are deemed to be outside the purview of the BetSafe Group.

2. Executive Summary

The BetSafe Group of clubs, as responsible corporate citizens of the Australian Gambling Industry, submit the following:

- ❖ Australians are said to be a nation of gamblers and gambling has been part of our culture since early settlement
- ❖ Australians exhibit a national character epitomised by mateship, community spirit and a love of sport
- ❖ The NSW Clubs provide social, cultural, leisure and entertainment facilities to a large proportion of the local community whilst providing support on a large scale to community, sporting and welfare organisations
- ❖ Clubs provide employment to more than 65,000 people covering metropolitan and regional areas across New South Wales
- ❖ Clubs support their local communities by contributing in excess of \$155 million (1997) in financial support for community services and welfare
- ❖ Clubs invested \$280 million (1997) in non-gaming related capital expenditure – buildings, facilities & equipment
- ❖ Clubs provide extensive support for local businesses in their utilisation of suppliers from within the local community where practical
- ❖ Clubs are non-profit organisations owned and operated by the members for the members. This *mutuality* principle ensures that, unlike casinos and hotels, profits are channeled back into the clubs and communities rather than into the pockets of entrepreneurs or shareholders
- ❖ NSW Clubs form a mature, sophisticated industry with over 40 years of growth and stability behind it

- ❖ Competition in most forms is usually healthy for business, however competition in the Gambling Industry can be unhealthy as it may lead to unscrupulous practices
- ❖ The expansion of gaming machines into hotels and the opening of casinos has heightened community concern about the social and economic costs and benefits of gambling
- ❖ Problem gambling definitely exists, however the vast majority of people utilising gambling facilities do so in a responsible and harmless manner
- ❖ State and Territory Governments throughout Australia receive a significant proportion of their revenue from gambling and should therefore take at least a proportional share of the responsibility in dealing with problem gambling issues
- ❖ Gaming licenses are a privilege not a right. The holding of a liquor license should not automatically qualify the holder to obtain a gaming license
- ❖ A well-constructed program of harm minimisation techniques and responsible service of gambling training can ensure the responsible delivery of gambling services to club members and guests
- ❖ Underage gambling cannot be prohibited or protected against on the internet
- ❖ Internet gambling will have an adverse effect on employment, facilities and the community in general and should be totally banned as it is in the USA
- ❖ Regulators and legislators must provide a stable, simple, more efficient and effective means of controlling and regulating the gambling industry to ensure accountability and continued viability of the industry
- ❖ Responsible service of gambling does not diminish gambling revenue or the viability of the industry; in fact, it enhances both

3. Introduction

3.1 What is BetSafe?

The BetSafe group is a coalition of ten registered clubs formed in July 1998 in response to a growing concern about the adverse social impact of gambling on both their members as well as the wider community. While the member clubs believe that the majority of those who participate in gambling activities do so harmlessly and in a socially enjoyable manner, they also acknowledge that there are others for whom gambling creates significant problems.

The Betsafe group - among the top 30 clubs in NSW - are committed to establishing environments in their clubs where gambling is conducted responsibly and in a way that minimises the harm that may result. To achieve this, the group has retained Paul Symond Consultancy which has an expertise in responsible gambling, as well as problem gambling counselling and treatment. The BetSafe group is currently working with this firm in developing measures and strategies that will constitute a comprehensive program to be promoted under the BetSafe logo. Collectively, the BetSafe group will spend close to \$1 million during the coming 12 months in developing the initiative. The program will be the first of its kind in Australia, as well as internationally, and constitute a model unparalleled by any gambling organisation in the world. It is in fact anticipated that the BetSafe program will become the international benchmark for patron care within the gambling industry. Details of the program will be outlined in this submission.

The BetSafe Group of Clubs

- ❑ Canterbury-Bankstown Leagues Club
- ❑ Canterbury-Hurlstone Park RSL Club
- ❑ City Tattersalls 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)

3.2 BetSafe Submission Overview

Clubs operate for the benefit of their members, as well as serving the needs of their local community in various ways. The impact of clubs in NSW is broad ranging and positive, particularly among those who are least privileged. Clubs are the major provider of social, recreational, sporting and other facilities in NSW and the focal point of many communities. Clubs are also a source of funding for a variety of community organisations and projects which would not otherwise be provided. The value of community support provided by the club industry during 1996-97 (excluding capital investment in buildings, facilities and equipment) has been conservatively estimated to be around \$155 million¹. The club industry is also a significant sector in the economy in terms of employment and tourism, as well as generating essential government revenue.

Poker machines have been legally operated in clubs in NSW since 1956, providing an income source that enabled the club industry to develop to the unique position that it has today. The underlying principle of the legalisation of poker machines was the concept of mutuality and community benefit: all profits would be returned to club members and the community as a whole as a result of the non-profit constitution of clubs, rather than the private enrichment of individuals. This was the reason behind the requirement that **only** clubs were permitted to own poker machines, removing further scope for profit by private individuals through leasing arrangements². Clubs have also conducted games of ClubKeno since the 1980's.

The club industry in NSW enjoyed a monopoly on gaming machines until 1986 when 'card machines' were introduced into hotels, and later, with the opening of the Sydney casino. Poker machines were then introduced into hotels in 1997. This reflected a shift in Government policy towards the maximisation of gambling revenue. The club industry has always opposed the operation of gaming machines in hotels on the basis that it offers the opportunity of windfall profits to private individuals with no tangible benefit to the community. The BetSafe group share this view, and also oppose the granting of the license to the recently privatised TAB which allows it to enter into gaming machine leasing arrangements with hotels on this same basis. The operating of gaming machines should not be a right, but rather a hard earned privilege. This privilege should only be granted on the principles of mutuality and not for private entrepreneurial profits.

The position in other Australian jurisdictions differs in several important aspects to that of NSW. In South Australia, Victoria, Queensland and Tasmania, the introduction of gaming machines into clubs and hotels has occurred at various times during the 1990's. Clubs in those States are not

¹ Findings of a survey of registered clubs conducted by Pannell Kerr Forster reported in *NSW Club Policy Framework*, NSW Premiers Department 1998, p.4.

² See NSW Parliamentary Debates, 30 August 1956, p1980

required to purchase their own gaming machines, but have the option of entering into leasing arrangements with private organisations granted by the Government for this purpose. A maximum number of gaming machines allowed to be operated by individual clubs has also been imposed. The imposition of this restriction has limited the growth of the club industry in those states, while at the same time seen a growth in the hotel industry. This has been detrimental to those communities in terms of limiting the community benefit derived from the distribution of gaming revenue by clubs.

The BetSafe group believes that any consideration of the social impact of gaming necessarily requires an assessment of the positive impact generated by the club industry through the application of gambling revenue back into the community. Furthermore, in view of the general community concern about the adverse social impact of gambling which led to the announcement of this Inquiry by the Federal Treasurer, the BetSafe group welcomes the terms of reference covering gambling rather than a consideration of **gaming** only. We would suggest that any meaningful examination of the impact of gambling would include an assessment of all gambling activities – both gaming and wagering. Accordingly, the use of the term 'gambling' - as distinct from 'gaming' - is used throughout this submission.

Finally, while this submission will focus primarily on the club industry, we believe that the ideas expressed are applicable to all gambling venues and gambling operators in Australia.

4. The Club Industry in NSW

4.1 History of the Club Scene in NSW

The New South Wales club gambling machine industry is a mature, well-balanced and sophisticated industry based on the initial intention of introducing poker machines to clubs and not hotels in NSW in 1956 to improve club facilities and directly benefit the communities in close proximity to the clubs whether they used the gaming facilities or not.

Club gaming in NSW has been an integral part of the social fabric since 1956 and has, as a result of its longevity, bedded in to the culture of the NSW community. Other States and Territories have introduced gaming machines much more recently ie. Victoria 1992/93 and South Australia 1994/95, and have, right from the onset, placed gaming in the hands of hotels as well as clubs.

The NSW Clubs have developed to such an extent that the community utilises the club culture for many varied interests and pursuits. Many clubs have introduced social and sporting clubs within their club member environment - fishing club, health & fitness clubs, chess club, swimming club, aerobics club etc. (see *Appendix 2*). In addition, clubs have implemented social and cultural programs and events to cater for the large number of members from a multicultural background.

The NSW Club gaming culture had 30 years of monopoly existence until 1986 when card machines were introduced to NSW hotels. (The 'reel' type electronic gaming machines were not introduced into NSW hotels until 1997 and in the Star City Casino temporary site in 1995).

4.2 Comparison with other States/Territories

With the steady long-term introduction of gaming machines in NSW clubs from 1956 onwards, the gaming machine industry maintained a slow and measured growth to the mature industry it is today. Whilst other States and Territories would appear to be suffering from a gambling explosion over the past few years with respect to gaming machines, NSW has maintained the steady growth expected of a long-established and fully matured industry. This is best exemplified by the graph below showing percentage growth in real per capita gaming machine expenditure between 1983/84 and 1995/96 in NSW, Victoria and Queensland.

Steady and stable growth is demonstrated in the case of gaming in NSW whereas the swift introduction of gaming machines in Victoria and Queensland has resulted in accelerated growth patterns of extreme proportions.

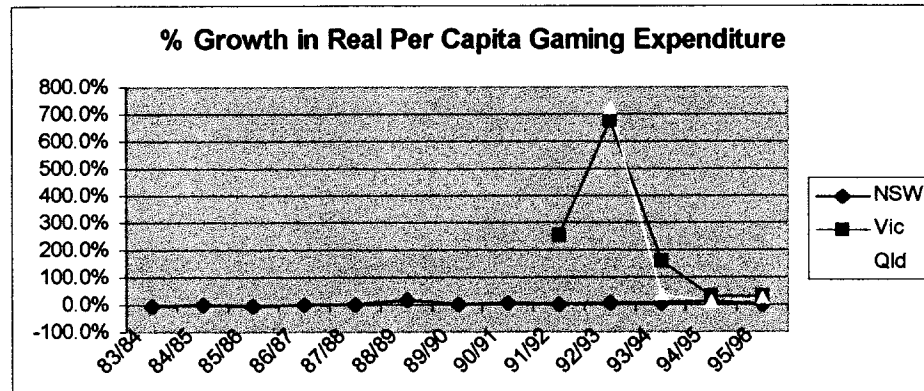


Table 3.2 % Growth in Real Per Capita Gaming Expenditure NSW, Vic, Qld
(Source: Australian Gambling Statistics 1972-73 to 1995-96, Tasmanian Gaming Commission)

Further evidence of the mature NSW industry is provided by the following daily net revenue per gaming machine figures:

NSW Gaming Machines	\$100
TABCORP Victoria Gaming Machines	\$155
Crown Casino Gaming Machines	\$250

In addition to the differences in growth rates between the long-established NSW industry and the fast broad spectrum introduction of gaming machines in other States and Territories, there exists two major cultural and societal differences:

1. the NSW Club gaming industry was created for the benefit of the community and this community orientation has always existed in and grown with the NSW Club gaming culture. Apart from capital works improvements including buildings, facilities and equipment, the NSW Club gaming industry contributes in excess of \$155 million in community support each year and
2. the NSW Club industry prides itself in the relationship that exists between the Clubs and their members/patrons and the additional facilities provided to club members. Because guests must sign in, unlike the open door policy that exists in hotels and casinos, staff and management of clubs know their patrons and regular guests far better than hotels and casinos.

To take the club community focus one step further, the BetSafe Group have chosen to implement a responsible service of gambling program of its own, the *BetSafe Program*, in order to minimise the harms that may result in a small percentage of our patrons as a result of excessive gambling. The elements of the BetSafe Program are detailed in the next section.

4.3 Relationship with Other Industry

The NSW Club industry has far reaching positive relationships with other areas of industry such as tourism, retail, service industry, leisure and other entertainment industry.

With clubs playing the role of the central community hub for entertainment and social activity in the community and as a large employer of local community people, funds are spent within the community on a wide range of retail items and services (see *Appendix 3*). Such funds are either spent directly by the club in running the business or indirectly via salaries paid to staff who then spend it on local retail, leisure, other entertainment and services.

In a similar manner to the way politicians prefer to engage services and supplies from businesses within their electorates, clubs prefer, where possible, to support businesses and service providers within their local communities. This has the dual benefit of both supporting the local industry and maintaining a sense of loyalty and support from within the community business leaders.

The BetSafe group of clubs has always adopted such a philosophy and sees it as vital to the growth of the community as well as the growth of our club businesses.

5 Problem Gambling & the BetSafe Program

5.1 Problem Gambling Definition & Incidence

There are many loose definitions of problem gambling that tend to be negative towards the problem gambler or the gambling industry or both.

The only definition based on consultation with and agreement between the key players in the gambling and problem gambling industries is as follows:

'Problem gambling' refers to the situation when a person's gambling activity gives rise to harm to the individual player, and/or to his or her family, and may extend into the community.

(From Definition and Incidence of Problem Gambling, Including the Socio-Economic Distribution of Gamblers, VCGA August 1997).

The incidence of problem gambling has usually been placed in the 'too-hard' basket as far as **accurate** measurement is concerned. For example, the only recognised and statistically validated measurement instrument, the South Oaks Gambling Screen (SOGS), was designed in the USA and is culturally biased towards American attitudes and levels of gambling participation. When utilised in Australia, SOGS has failed to differentiate between regular gamblers and problem gamblers in many cases leading to a high proportion of false positives.

Governments and industry have tended towards using a conservative figure of 1% of the adult population as the problem gambling incidence measure. Welfare, church organisations and anti-gambling lobbyists have tended towards the other extreme and used figures of between 5% and 15%.

Whatever the exact figure, the Betsafe Group acknowledges that problem gambling amongst gaming machine players does exist and is a significant issue that needs to be addressed sensitively and responsibly. The majority of problem gamblers seeking assistance do, in fact, report gaming machines as their most common form of gambling. This is evidenced by the fact that approximately three quarters³ of persons seeking problem gambling assistance listed gaming machines as their main form of gambling.

Conversely, it is important to note that the vast majority of gaming machine players, somewhere between 95% and 99%, enjoy spending their leisure hours playing the machines and do not exhibit problem gambling behaviour. Consequently, the BetSafe Group maintains that a balanced approach to any initiatives to be implemented should not detrimentally affect the majority of people who enjoy this activity safely and without problems.

³ 78% reported in Client & Services Analysis Report No. 1, Victorian Department of Human Services Problem Gambling Research Program, March 1997.

Having acknowledged the existence of the problem, the BetSafe Group decided to implement an extensive and coordinated responsible service of gambling program aimed at minimising the harms associated with problem gambling behaviour in their venues.

5.2 What is the BetSafe Program?

Gaming machines are the most popular form of gambling in Australia, particularly among women, and the predominant form of gambling activity by problem gamblers. While the majority of those who participate in gambling activities do so harmlessly, there are others for whom gambling creates significant problems. Furthermore, individuals who engage in gambling are also consumers. Gambling venues and operators have a clear moral, and in some circumstances legal, obligation to ensure that their gambling products are consumed safely.

For the purposes of this submission, the concept of the responsible service of gambling is taken to refer to the creation of an environment by a gambling venue/operator whereby gaming and wagering products are consumed in a manner which will minimise the potential for harm which may result. This will not only involve the implementation of harm minimisation measures such as the prohibition of credit and the provision of information about the availability of problem gambling counselling services so that individuals can access treatment. It also involves active participation on the part of the venue or operator in educating both staff and the community about the potentially harmful effects of gambling to create general community awareness and promote responsible gambling practices. A preliminary analysis of the partially completed training phase is shown at *Appendix 4*.

Problem gambling has been the subject of much attention by both academics and problem gambling treatment providers. It would seem however, that there has been little consideration of the responsible service of gambling in terms of the development of best practice models, as distinct from individual harm minimisation measures. There are no responsible service of gambling programs currently in place in any gambling venue or outlet in NSW (other than perhaps the Star City casino). While individual clubs have taken some steps to redress this, such as publishing brochures and displaying signage about the availability of counselling services, the approach has been piecemeal and ad hoc.

One major obstacle to clubs fully embracing responsible service of gambling is a fear that it would generate a negative image of the industry, rather than seeing it as part of being responsible corporate citizens and reflecting positively on the industry. This mentality will no doubt change over time, albeit slowly. On a practical level, most clubs simply do not know how to approach the matter. Despite the existence of gaming machines in clubs for over 40 years, problem gambling has only emerged as a significant

community concern in the last few years. This has clearly coincided with the expansion of gambling resulting from, amongst other things, the opening of the casino and introduction of poker machines into hotels.

The BetSafe group has identified the following legislative harm minimisation provisions that currently apply to the club industry:

- prohibition of gambling by minors (s51(1)(d); s50A(1) Registered Clubs Act);
- prohibition of the provision of credit/"cash advances" (s9A(5A) Registered Clubs Act)
- a right of action against a gambling venue/operator to recover money which was stolen or misappropriated by a minor and spent on gambling (cl 45 Unlawful Gambling Bill 1998)

Equivalent provisions apply to hotels in the Liquor Act. These are supported in terms of being appropriate measures that establish a minimum industry standard and reflect community expectations. However, the BetSafe group does not believe that legislative controls alone - no matter how draconian they may be - can achieve an appropriate and enforceable responsible service of gambling standard. There are several reasons for this, some of which include:

- ◆ the incapacity of the relevant regulatory body to enforce such measures, in view of the number of clubs (and hotels) in NSW: this is already evident in the inability of the Department of Gaming and Racing to enforce the prohibition of credit provision which is still a problem in some gambling venues;
- ◆ the lack of commitment and/or resistance to the responsible service of gambling by some sections of industry.

The Registered Clubs Association (RCA) has recently published a responsible gambling policy statement, as required under the Liquor and Registered Clubs Amendment (Community Partnership) Act 1998. While this is to be commended, the BetSafe group believes that the ideas and themes embodied in that document are largely derivative, drawing heavily on those industry codes of conduct that exist in other states. While this is not a problem necessarily in itself, the BetSafe group does not believe that it goes far enough, or addresses the needs of individual clubs. Most importantly however in terms of this group's priorities, its progression to an actual program that can be implemented by clubs is still some time away. There is also the issue of the (legal) status of any program that may result in terms of enforcement. While the Department of Gaming and Racing have encouraged responsible service of gambling initiatives in the last year or so, like the peak industry bodies, they have not provided any coordinated approach.

The Betsafe group does not believe that an industry wide responsible service of gambling code of conduct is appropriate for NSW, which is a mature and in many ways unique market. The industry codes of conduct which are in place in other jurisdictions in Australia are too prescriptive and are not complemented by any professional guidance as to their implementation and effectiveness. Furthermore, unlike NSW, the smaller number and size of venues in other states lends itself more easily to a degree of standardisation.

Accordingly, the BetSafe group is currently developing and implementing a comprehensive responsible gambling program that will be promoted under the BetSafe logo. In doing so, the BetSafe group of clubs acknowledges that it does not have the requisite expertise and accordingly, has retained responsible gambling experts to provide professional guidance in both its development as well as its implementation. Collectively, the BetSafe group will spend close to \$1 million during the coming 12 months in developing the initiative.

The program will be the first of its kind in Australia, as well as internationally, and will constitute a model unparalleled by any gambling venues or operators in the world. It is anticipated that the BetSafe program will become the international benchmark for patron care within the gambling industry. Details of the BetSafe program are set out in Appendix 1 on a confidential basis.

We believe that these measures are all essential for the achievement of the responsible service of gambling. While still in the process of development, some of these measures have already been implemented with encouraging results (*Appendix 4*). The BetSafe group will develop a uniform position in relation to many of the measures, while others will be modified to reflect the appropriate circumstances of the individual club and its membership. This will include responsible measures such as signage in languages other than English, strict guidelines for cheque cashing and jackpot payment methods and many other methods to encourage responsible practices on the part of the gambler and the Club. Furthermore, the BetSafe program will be monitored and reviewed regularly to ensure its continued effectiveness and relevance. The BetSafe group will also operate as a forum for management in relation to discussions about various issues concerning responsible gambling.

The BetSafe program will also complement existing strategies within our clubs that contribute to providing a safe environment for members. These include a responsible service of alcohol program, video surveillance and other security arrangements.

It is submitted that the responsible service of gambling can be best achieved through a combination of both legislative and industry measures. The BetSafe group believes that clubs, as commercial entities, will respond to an enforcement model that is linked directly to their ability to generate gambling revenue. Accordingly, the BetSafe group proposes the introduction of a

rating system. This would involve the development of a comprehensive model for responsible gambling and a ranking of the various measures and strategies.

Under this model, individual clubs would be awarded a rating in terms of the extent to which these measures and strategies had been adopted. This system would not only provide clubs and other venues with a real incentive to implement responsible service of gambling, but also change the mentality of the industry over time.

The BetSafe group does not support the imposition of an arbitrary maximum number of gaming machines in clubs. Research on the incidence of problem gambling has not shown that there is a causal connection between the number of gaming machines and the prevalence of problem gambling. The incidence of problem gambling in NSW is no higher than other states in Australia where the number of gaming machines is significantly lower. Whilst it has been shown that accessibility is likely, in part, to be a factor in increased levels of problem gambling⁴, the BetSafe Group maintains that the appropriate focus for the achievement of responsible gambling should be **the standard of the venue's quality of service of responsible gambling rather than the number of gaming machines it operates.**

Furthermore, restricting the number of gaming machines which can be operated in clubs would be detrimental to the community in terms of limiting their ability to continue to provide improved facilities to the community and employment opportunities. In this sense, any consideration of the social impact of gambling in NSW necessarily requires an assessment of the positive impact generated by the club industry through the distribution of gambling revenue back into the community, as distinct from private individuals. The BetSafe Group promotes mutuality and public gambling rather than profiteering by private entrepreneurs.

⁴ NSW Study 2 survey 1995

6. Regulation of the Gambling Industry

6.1 Regulation or Legislation?

The BetSafe Group is not in favour of a legislative approach to the regulation of the gambling industry in NSW or, in fact, in any State or Territory where the Government of the day collects and depends on significant revenues from the industry. Decisions made in framing policy for such legislation would invariably be swayed by the macro-economic considerations rather than consideration of the industry, social and community benefits and costs involved.

6.2 National or State/Territory Regulation?

The BetSafe group cannot envisage national regulation of such historically divergent gambling industries as exist in Australia's States and Territories. Examples of the completely different mix of gambling industries across the country include:

- Some States/Territories have privatised the TAB while others have the TAB operating as a statutory authority.
- Some States/Territories have the Government owning the gaming machines, some have private industry owning the machines and NSW has the individual clubs owning the machines.

A recent example of how national regulation just wouldn't work is the Australian Taxation Office decision to disallow the principle of mutuality in relation to taxation exemption in Victorian clubs with gaming machines because the clubs don't own the machines whereas in NSW, the clubs do own the machines.

6.3 The Current Situation

The BetSafe group believes that the current structure of the regulation of gambling in NSW via the Department of Gaming and Racing and the Liquor Administration Board needs to be improved for the following reasons:

- there is a need for the regulation of gambling activities to be separated from the executive arm of government to ensure that such activities are regulated with the utmost integrity and are free from political interference. This is the approach that has been adopted in the case of the Sydney casino with the Casino Control Authority. There is a tendency for decisions to be made on the basis of political considerations with a lack of consideration for industry viability. At the same time, there has been an increasing involvement by Treasury in the formulation of gambling policy

because of the revenue implications. This has not been in the interests of either the club industry or the community generally;

- there is a lack of industry focus on the part of the current regulatory bodies that affects the development of appropriate policies and practices;
- the inspectorate of the Compliance Division of the Department of Gaming and Racing is under-resourced; given the number of venues, it simply does not have the necessary capacity to effectively 'regulate' the industry;
- legislation and regulation is aimed at the lowest common denominator which, more often than not, does not apply to clubs.
- the current organisational structure of the regulatory bodies represents a bureaucratic nightmare for clubs.

6.4 What Should Regulation Achieve?

Regulation via an independent authority comprised of experts in the relevant areas is seen by BetSafe to be the only balanced method of regulation. Such an independent body would be, and would be seen to be, fair to all key-players involved viz. Government, industry, consumer and community.

The BetSafe group believes that there is a need for an 'expert' gambling commission or other independent statutory body. It is essential that any 'commission' be constituted in a manner that would ensure industry participation and representation, particularly in the development of regulatory measures and formulation of policy.

The BetSafe group envisages such a regulator's functions to include the following:

- approving gaming machines and other gambling matters currently dealt with by the Liquor Administration Board;
- administering any responsible service of gambling provisions
- advising the relevant Minister on matters of policy
- the supervision of the TAB in exercising its licence

On the basis of this model, the day-to-day supervision and surveillance of gambling could be vested in a separate entity, similar perhaps to the existing Casino Surveillance Division of the Department of Gaming and Racing. The functions would include:

- supervise and inspect the operations of registered clubs, hotels and other gambling operators;
- detect breaches and offences by a suitably skilled inspectorate;
- receive, investigate and make rulings in relation to complaints by patrons.

This structure would ensure a separation of powers and responsibilities that is fundamental to the integrity and long-term viability of the gambling industry and would provide an independent body for customers promoting a positive image for the industry and the Government.

We are also of the view that gaming machines in NSW should be regulated by stand-alone legislation, such as a Gaming Machine Control Act similar to those in existence in other states. The current legislative arrangements are cumbersome, unduly complicated and virtually inaccessible. A gambling commission or similar authority should administer such legislation.

The BetSafe group would not oppose the probity assessment of all individual club employees, subject to:

- any such system involving the approval or licensing of individuals to work in the industry per se, rather than being linked to employment at separate venues;
- the administrative burden of any such system being borne by the appropriate regulatory body.

It should be noted however that, in view of the significant number of individuals employed in the club industry, such a scheme would be extremely expensive to administer.

7. Internet Gambling

The BetSafe group is strongly and vehemently opposed to any form of internet gambling for the following reasons:

- It's too accessible when it's in the home; having to go out acts as a check
- Internet gambling is a form of credit betting
- There is no way to truly verify the identity of the gambler ie age, mental health, intellectual disability
- The player could be someone who has self-excluded
- The reduction of social interaction lends itself to isolation, loneliness and gambling in secret – not desirable attributes for an entertainment form
- There is no means of responsible service with possible intervention to minimise harm
- It's open to fraud via lost credit cards and computer hacking
- It's almost impossible to regulate and control across the internet
- Internet gambling sites have minimal overheads in terms of providing facilities and employment and could see the end of tens of thousands of jobs throughout Australia with a massive follow-through effect on the economy
- Internet gambling profits will go to individuals and hence provide no benefit to the wider community

A recent article in the Daily Telegraph stated that 60% of internet usage occurs during employer's time. Internet gambling would lead to a further reduction in productivity.

The USA Government has banned internet gambling in any form and the BetSafe Group believes the same ban should apply in Australia.

Clubs Within Clubs

The following list of internal clubs shows the type of additional community activities enjoyed by club members of the BetSafe Group of clubs:

Darts	Snooker
Chess	Fishing
Indoor Bowls	Dominos
Ladies Indoor Bowls	Bridge
Mixed Indoor Bowls	Squash
Senior Citizens Indoor Bowls	Swimming
Rostrum	Water Aerobics
Table Tennis	Aerobics
Ladies Golf	Mens Golf

Expenditure with Local Traders

Local Traders	Club A	Club B	Club C
Appliance Stores	\$220,000		\$178,000
Architects		\$158,000	\$270,000
Builders		\$243,000	\$675,000
Butchers	\$348,000	\$308,000	\$568,000
Cleaning Supplies	\$125,000	\$210,000	\$325,000
Food Services & Grocers	\$475,000	\$528,000	\$776,000
Interior Design	\$16,000	\$148,000	\$98,000
Patisseries	\$49,000	\$63,000	\$91,000
Printers	\$285,000	\$310,000	\$475,000
Seafood Suppliers	\$205,000	\$300,000	\$450,000
Stationers/Office Suppliers	\$124,000	\$132,000	\$181,000

NB The figures above are based on real expenditure to September 1998 of three clubs in the BetSafe Group. However, only amounts over \$15,000 are included. Actual expenditure, including **all** local traders, is of the order of one and a half to three times as much per annum.

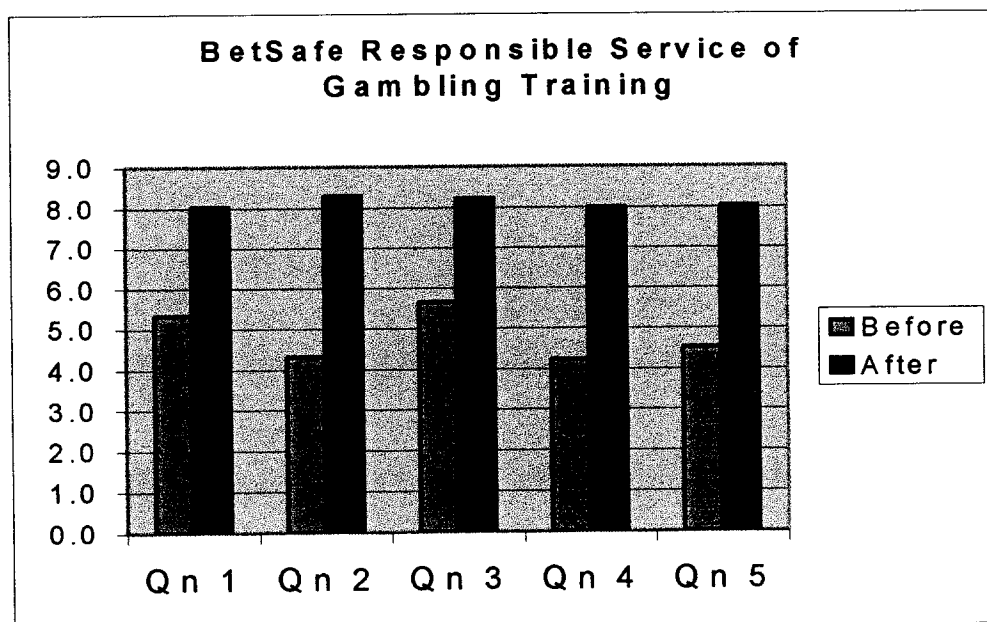
Preliminary Evaluation of Training

The graph below shows the collective responses of 165 BetSafe staff members trained in the Responsible Service of Gambling.

Participants were asked five (5) questions before the training and the same five (5) questions having completed the training to determine the achievement of objectives.

The evaluation asked participants to rate themselves on a scale of 1 to 10 (with 1 indicating poor and 10 indicating excellent) with respect to the following:

1. *How would you rate your knowledge of problem gambling?*
2. *How would you rate your knowledge of how a gambler can self-exclude (ban) from the Club?*
3. *How would you rate your knowledge of some of the characteristics of a problem gambler?*
4. *How would you rate your ability to offer assistance to a problem gambler?*
5. *How do you rate this Club's Responsible Service of Gambling Program?*



The responses indicated that participants had increased their knowledge and ability regarding problem gambling and ability to assist problem gamblers by significant amounts. The percentage increases were as follows:

Qn 1	50%	Qn 2	92%	Qn 3	46%
Qn 4	90%	Qn 5	78%		