



30th March 2009

Gambling Inquiry
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

Submission to Productivity Commission Issues Paper 2008 – Gambling

Tatts Group Limited operates networked gambling services in Victoria, Queensland, South Australia, Tasmania, Northern Territory and the Australian Capital Territory. We are licensed to operate wagering, lottery and gaming machine services. We encourage the responsible use of our products and have always been willing and active participants in any harm minimisation initiatives in each of our respective trading jurisdictions.

This submission is restricted to some general observations on prevalence rates, harm minimisation and the Interactive Gambling Act.

Tatts Lotteries, a business unit of Tatts Group, is lodging a separate submission. We endorse the contents of their submission.

Problem Gambling Prevalence Rates and Harm Minimisation

The Productivity Commission's 1999 report found that 2.1% of Australian adults had either a severe or moderate problem with their gambling. The figure was broadly accepted by the industry, community and Government groups.

In the couple of years immediately preceding the 1999 report, it was evident that Governments, industry and community groups began to take the issue of problem gambling seriously. Responsible gambling committees with broad community representation were formed, codes of conduct in various forms were established, and gamblers became better informed through player information and advertising awareness campaigns.

In the years since 1999, there is no doubt that attention to all these measures, and more, intensified and accelerated. In gaming for example, over forty harm minimisation measures have been introduced during this period in Victoria in what was an already heavily regulated industry.

These measures have been introduced with such regularity that nobody can be certain as to the effectiveness or otherwise of any individual measure. In addition, we believe that although they have been aimed exclusively at the problem and 'at risk' gamblers, some of the more recent measures really do start to erode the

entertainment and enjoyment of the responsible recreational gambler. Measures such as the maximum bet limit and removal of ATMs are examples that fall into this category.

These harm minimisation measures have been supplemented by highly visible responsible gambling advertising campaigns. Problem gambling images and messages are now a part of daily life. They appear on billboards, on public transport and in every gambling venue, whether they are gaming, wagering or lottery outlets.

It is not too far removed from the long running campaigns about the perils of smoking and drink driving. In the same vein, we doubt that too many people have missed the messages of recent years regarding the risks associated with gambling.

Having said that, Tatts believes that there will always be a problem gambling prevalence rate of somewhere between 1% and 2%, irrespective of the regulatory regime or the prevailing forms of gambling. It doesn't mean it is acceptable or that we are complacent. The gambling industry will always comply with regulations and do what it can to protect the well-being of customers. Just as there are people who continue to smoke or drink and drive, there is no doubt that there will be people who will ignore the warnings and choose to gamble beyond their means.

To re-enforce our view, it may be appropriate to reproduce a section of Tatts' submission to a Senate inquiry into the Poker Machine Harm Minimisation Bill in August 2008. It refers to a response we provided in relation to problem gambling prevalence rates during a Victorian Legislative Council Select Committee hearing on gaming licensing. In part, it read:

While there is a vast amount of available material on the subject of gambling and associated harm, it is more difficult to locate information on problem gambling prevalence rates for jurisdictions that do not have gaming machines (EGMs). Having said that, I believe I have been able to source information that would support the generally held view that the rate of problem gambling is in the vicinity of 2%, irrespective of the prevailing popular forms of gambling or the level of access to EGMs.

USA

Kentucky

One of the States in the USA without EGMs (slot machines) is Kentucky. The only legalised forms of gambling (as at mid 2003) in that State are bingo, lotteries and pari-mutuel wagering on horse racing. In 2003, the Kentucky Legislative Research Commission conducted a gambling survey on the prevalence of problem gambling. It found that 2.1% of participants 'exhibited characteristics of either problem or compulsive gambling'.

California

The State of California operates all popular forms of gambling, including lotteries, card rooms, racetracks and slot machines. However, access to slot machines is limited as they are only permitted in tribal casinos which are mainly located in rural areas of the State. In 2006,

the Californian Office of Problem and Pathological Gambling conducted a comprehensive problem gambling prevalence survey and found 'the lifetime prevalence of problem gambling (in California) is 2.2%'.

Singapore

In research undertaken in 2005, the Ministry of Community Development, Youth and Sports announced that while around 58% of the Singapore population gambles, a 'minority of 2.1% reported symptoms suggesting probable pathological gambling'. The most common form of legalised gambling in Singapore revolves around lottery products - 4D, Toto and Singapore Sweep. Additional gambling options included private card games, horse and sports betting and slot machines. However, access to slot machines is limited as they are only permitted in private clubs. The report states the EGM participation rate is negligible (around 3%) as there are a total of only 2000 EGMs in Singapore.

Canada

The Canadian Partnership for Responsible Gambling (CPRG) is a collaboration of non-profit organisations, gaming providers, research centres and regulators. Comparisons with some relevance to the subject of this correspondence can be found in a report released by the CPRG in 2004. It is interesting to compare the prevalence rates of two Canadian provinces.

According to the report, access to EGMs (including VLTs) in Quebec is considerably easy with almost 14,000 EGMs in over 3000 bars and lounges. There are a further 6000+ accessible in casinos and race tracks, to a minor extent. According to Canada's National Problem Gambling Prevalence Survey, the estimated rate of 'moderate risk and problem gamblers' in Quebec is 2.0%.

In the same report, the Province of British Columbia is recorded as only permitting EGMs at casinos. That is, unlike Quebec, access is more limited as there are no EGMs in bars or lounges. However, the same National Problem Gambling Prevalence Survey estimates British Columbia's rate of 'moderate risk and problem gamblers' as 2.6%.

In summary, my response suggests that it appears that the prevalence rate of problem gambling in jurisdictions with legalised gambling that either do not have EGMs, have limited access to EGMs or offer wide area network access to EGMs (similar to Victoria) all report a rate of approximately 2%.

It was apparent that these jurisdictions treated the issue of problem gambling seriously and that no matter the prevailing form/s of gambling there was a prevalence rate of around 2% in existence. We are not convinced that the problem gambling prevalence rate in Australia will be markedly different to these overseas jurisdictions, regardless of the many harm minimisation measures introduced so far. The only impact any further measures are likely to have will be to turn responsible recreational players away.

Internet Gambling

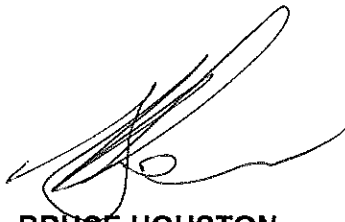
Tatts Group offers wagering and lottery services to account customers via the internet.

The Interactive Gambling Act 2001 contains provisions that were introduced largely to protect players from access to intensive and uninterrupted gambling activities. The primary focus was aimed at 'online casinos' that offer a variety of gambling games that can be played on a continuous basis. While critics of the Act argue that Australian residents simply go 'offshore' on-line to gamble on casino games we do not believe they do so in significant numbers. Internet gamblers are generally wary of websites that cannot guarantee security and are not regulated by Australian authorities.

On the other hand, approval was given for betting on racing, sport and lotteries because these activities offer customers a 'break-in-play'. 'Breaks-in-play' are widely supported by the community sector as a deterrent to problem gambling as they provide the player with a cooling off period. Racing, sport and lotteries all provide 'breaks-in-play' between events. This approach to harm minimisation in the Act extends to a ban on betting on sports once an event had commenced, otherwise known as betting 'in-running'. This particular ban gives the Act further credibility as a player protection mechanism.

With this in mind, Tatts Group supports the retention of the current provisions of Interactive Gambling Act.

Yours sincerely



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