



15 April 2009

Mr Gary Banks AO
Chairman
Productivity Commission
GPO Box 1428
Canberra City ACT 2601, Australia

Dear Mr Banks

AUSTRALASIAN CASINO ASSOCIATION SUBMISSION TO THE PRODUCTIVITY COMMISSION 2009 GAMBLING INQUIRY

I am pleased to forward this submission from the Australasian Casino Association (ACA) to the Productivity Commission's 2009 Gambling Inquiry.

The ACA represents Australia's thirteen casinos and five casinos in New Zealand. Members include Tabcorp Holdings Limited, Crown Limited, SKYCITY Entertainment Group Limited, Federal Group, Casinos Austria International Limited and Lasseters Holding Limited.

Over the past decade the Australian casino industry has matured and much has changed since the Commission's previous inquiry in 1999. The casino industry has taken on board the findings from the 1999 review by investing heavily in harm minimisation, skills and training. Casinos have built pro-active partnerships with State and Territory Governments and community organisations to tackle problem gambling. All State and Territory Governments have also introduced measures aimed at reducing problem gambling. Australian casinos have implemented these measures and gone further by introducing additional voluntary measures to provide responsible gambling environments to ensure casino gaming is conducted in a responsible manner based on informed choice and appropriate consumer protection.

In preparing its submission to the Productivity Commission, the ACA commissioned the following reports:

- *Casinos and the Australian Economy*, The Allen Consulting Group, April 2009
- *Australian Casinos Responsible Gambling Initiatives 1999 – 2008*, Gambling Compliance Ltd, March 2009
- *Gaming Markets in Focus: Canada, USA and South Africa*, Gambling Compliance Ltd, February 2009
- *Asia Awakens: The Growth of Casino Tourism*, Gambling Compliance Ltd, February 2009

The key findings of these reports are summarised below:

Casinos and the Australian Economy

- In 2007-08 Australia's 13 casinos generated revenue in excess of \$4 billion and attracted nearly 50 million visitors (including 2.4 million visits from international tourists);
- International visitors to Australian casinos, including international VIP program players, spent \$5.6 billion during their time in Australia in 2007/08;
- Casinos generated a social surplus of over \$3 billion in 2007/08;
- Casinos are a key provider of tourism infrastructure, including hotels, restaurants, retail, entertainment and conference facilities that increase Australia's attraction as a tourism destination;

- Additionally the marketing activity undertaken by Australian casinos raises Australia's profile as a tourism destination;
- Casinos are planning to invest over \$1.6 billion in major capital works programs to upgrade and redevelop their properties over the coming three years against a background of significant economic uncertainty caused by the global financial crisis;
- The capital intensity of casinos requires owners to closely monitor their investments to ensure sufficient returns are generated. An important implication of this is that changes to the regulatory or taxation environment may make previously sound investments no longer viable thereby jeopardising future investment;
- The very small estimated producer surplus for non-gaming activities highlights the fact that casinos should be considered as an entire package of both gaming and non-gaming services. In the absence of gaming, the range of other services provided by casinos, such as accommodation and entertainment, would most likely not be provided; and
- Casinos employ approximately 20,000 people; some casinos are the largest single site employers in their respective states. Casinos offer employees significant career opportunities not provided on the same scale elsewhere within the hospitality and entertainment sector.

Australian Casinos: Responsible Gambling Initiatives 1999 - 2008

- Casinos have seriously considered and responded positively to the Commission's findings in 1999, and as a result have invested heavily in harm minimisation strategies, skills and training;
- There is a demonstrated, ongoing commitment to responsible gambling by Australian casinos. Since 1999 there has been no expansion in the number of casinos, yet there has been a rapid expansion in the responsible gambling initiatives implemented since that time;
- In some instances, casinos have taken voluntary measures before government initiatives have taken place; and
- There is a continued commitment to staff training to ensure that all appropriate measures are taken to prevent and treat problem gambling.

Gaming Markets in Focus: Canada, USA and South Africa

- Australian casinos lead the way in the implementation of harm minimisation measures when compared to the operation of casinos in other mature jurisdictions like Canada, the US and South Africa;
- In Canada, the US and South Africa much of the player protection literature focuses on the potential harm of placing machines in convenience locations and as a result the regulation of destination venues and convenience venues differs significantly;
- Harm minimisation measures in Canada and South Africa focus predominantly on gaming machines located in convenience locations.

Asia Awakens: The Growth of Casino Tourism

- The casino industry in Asia has grown significantly in the past decade and its continued growth will have an impact on casino markets in the region, including Australia;
- Singapore has shifted its policy on legalising casinos and cited the declining regional market share in tourism as the primary reason. In an attempt to capture the increase in outbound tourism primarily from China and India, Singapore is developing two integrated casino resorts to reinvigorate Singapore as a tourist destination; and
- Australian casinos operate in the highly competitive Asia Pacific regional environment and competition in this region will become more pronounced.

Comments and recommendations concerning issues raised by the Productivity Commission

The ACA makes the following specific comments and recommendations in respect of the issues raised in the Productivity Commission's Issues Paper on Gambling:

1. *Gambling research in Australia*

The ACA has always supported the need for evidence-based policy development. Reputable and rigorous research as well as a thorough evaluation of gambling policy should always precede any new measures that are introduced by governments.

The Ministerial Council on Gambling established Gambling Research Australia to oversee the national gambling research agenda, which is funded by the states and territories. The states and territories also fund research through their respective departments. These state and territory departments have developed links with a number of academic gambling researchers and research centres. Often there is overlap and duplication of research projects with little consideration given to co-ordination at the national level.

The ACA believes that there is now an opportunity to establish a nationally focussed research capability that will focus on issues surrounding gambling in a more systematic and strategic way and to inform future policy development in relation to gambling issues. Such a capability should draw on the expertise of industry.

The ACA supports:

- A review of the current arrangements overseeing gambling research by the Ministerial Council for Gambling. Any such review should take into account an assessment of the value of research undertaken over the last ten years.
- The inclusion of all stakeholders including industry in determining any new future research program.
- The development of a national strategy for responsible gambling research by this new collaborative structure.

2. Harm minimisation measures

Australian casinos have demonstrated, in many cases, a world leading commitment to and record in responsible gambling and harm minimisation. Gambling Compliance in its report *Gaming Markets in Focus* concludes that among mature jurisdictions, Australian casinos lead the way regarding the implementation of harm minimisation measures. Additionally the regulation of Australian casinos is more rigorous than the regulation of casinos in operation in Canada, the USA and South Africa. Furthermore, it states that the approaches to harm minimisation are “broadly consistent” across the states and territories. However, there is a need to ensure that gambling policy and implementation of policy is informed by rigorous research.

To ensure a continuing consistency, the ACA supports:

- The commissioning of systematic research at a national level where evidence is lacking.
- The comprehensive and systematic review of existing harm minimisation measures.
- The need for measures to apply for a sufficient time to gauge their impact before further changes are introduced.

3. Industry self regulation

Australian casinos have a long history of commitment to responsible gambling. Australian casinos have implemented over 200 initiatives since 1999, in many cases voluntarily, and in some cases significantly in advance of government regulation. In many instances casinos have also gone further and through extensive staff training and self-regulatory measures, a responsible gaming culture has been maintained and furthered.

The practical experience of the last ten years has illustrated how self-regulation can complement regulatory requirements. In some instances regulatory requirements have taken longer to implement and take effect than industry generated initiatives. It has been these self-regulatory responses that have played a key role in bridging a “regulatory lag” in responsible gambling policy and its further development.

Gambling Compliance Ltd in *Australian Casinos: Responsible Gambling Initiatives 1999-2008* has confirmed that the harm minimisation and responsible gambling framework that Australian casinos operate in, is world leading in its scope, consistency and implementation. For example, Tabcorp has been rated as the global leader in the promotion of responsible gambling by the Dow Jones Sustainability Index and the Victorian Commission for Gambling Regulation (VCGR) found, as part of its review of the Melbourne casino licence in 2008, that Crown Melbourne is recognised as a world leader in the promotion of responsible gambling.

Based on its experience over the past decade, the ACA concludes that:

- The 200 plus initiatives which have been introduced since 1999 reflect diversity in local conditions and illustrate that the one size fits all approach is not necessarily applicable with regard to the implementation of responsible gambling measures.
- Local conditions, including self regulatory codes of conduct, staff training and the specific responsible gambling initiatives in place, as well as the degree of regulatory oversight imposed by state and territory governments need to be considered when looking at what is appropriate for a casino and its community.
- Collaboration between the industry, community and government has provided promising results and further

collaboration is necessary and desirable.

- The reduction of problem gambling remains an on-going and complex task in which many points of view add to the debate and the solutions.

4. *Counselling Services*

Counselling services are an important component of any responsible gambling policy. Australian casinos have developed protocols with accredited problem gambling service providers, who provide treatment for problem gamblers and support for their families and friends. These protocols include such arrangements as:

- the provision of contact information to customers seeking such information;
- referral of customers seeking self-exclusion (as part of the self-exclusion process) or seeking assistance to such accredited problem gambling service providers; and
- where permission is given, contact with problem gambling services.

The ACA supports:

- An expanded and improved counselling service that is national in scope, culturally sensitive in its delivery, available on a 24 hour 7 days a week basis.
- A national system of accreditation for problem gambling service providers. This accreditation should be introduced in a staged program and be a condition of on-going funding for service providers. Minimum standards should be a priority and incorporated into any accreditation program.
- A coordinated program that delivers a multi-disciplined service that operates under a dedicated service name or brand that provides a clear identification of the target group.
- The development of a comprehensive national data set to be used as a tool that is utilised by problem gambling service providers as well as being a means of providing feedback to counselling services, industry and the community on a regular basis.

5. *Automatic Teller Machines (ATMs) and access to cash in casinos*

Australian casinos are destination gaming venues; customers make a conscious choice to visit a casino. Most casinos are large integrated entertainment complexes offering a wide range of services to domestic and international customers including hotel accommodation, food and beverage, entertainment, specialty retail, and theatre and cinema. Casino customers rely upon the availability of Automatic Teller Machines (ATMs) in order to purchase and enjoy a wide range of gaming and non-gaming entertainment.

International and interstate visitors to Australian casinos expect that they can have safe and convenient access to cash from ATMs as most do not carry cash while travelling but rely on internationally accepted debit or credit cards to access ATMs.

The ACA's position is as follows:

- ATMs should be located in areas where the public can utilise them in a safe and secure environment.
- ATMs should be located outside the licensed gaming footprint of a casino in compliance with local state or territory regulations.
- ATMs should not be located in the immediate area adjacent to an entrance to the gaming area of a casino property.
- In determining the location and distance from the casino entrance factors such as architectural design, heritage and age of the building should be taken into consideration.
- ATMs should carry messages reinforcing the benefits of responsible gambling practices and provide information on the applicable referral services available to those who may be experiencing, or who wish to seek assistance with, problematic gambling behaviours.
- Limiting the dollar amount an individual can withdraw from an account or the frequency with which an individual may access an account should remain a matter of informed choice for the individual and their banking services provider.

Where a person may be experiencing difficulties with their gambling behaviours, the casino industry, in concert with State and Territory governments, implements procedures whereby assistance and advice is readily available. Such provisions include, but are not limited to, the issue of a voluntary (self) exclusion order.

6. Pre-commitment

Pre-commitment has been described as being “a decision made at a time of rationality which will limit or prevent any future capacity to deviate from the path planned.” (*Australasian Gaming Council, Discussion Paper on Pre-Commitment, April 2009*).

The ACA acknowledges that there have been a number of research projects and inquiries undertaken that seek to address the issue of pre-commitment of Electronic Gaming Machine (EGM) play. The ACA is aware that two states, Queensland and South Australia have trialled technology based pre-commitment mechanisms for poker machine play.

The ACA is also aware that the Victorian government has announced that at some future point all new gaming machines will be required to have a pre-commitment mechanism which will allow an individual customer to self select time and loss limits if they wish to do so. Crown Melbourne has had such a mechanism in place since 2003.

The ACA is following these developments closely. The ACA recommends that:

- Any pre-commitment strategy implemented by a state government should be of a voluntary nature.
- Any scheme should not cause inconvenience to recreational gamblers nor should it impinge on the entertainment value of a customer’s activity.
- Any strategy should be flexible in that it should not necessarily rely on the introduction of new technology to provide the solution and should reflect the diversity and differences of the casino industry and its customers.
- Measures should provide accessible information to allow informed choice.
- Implementation of pre-commitment strategies should be preceded by evidence-based research that supports the effectiveness of any strategy and estimates of the cost of introduction.
- Longevity in any new system should be highly likely.
- Measures should be simple to implement, effective and not impose a substantial financial burden on the casino industry.
- Pre-commitment should be seen as a tool to aid responsible gambling practices rather than as the solution for problem gambling behaviours.
- Trial outcomes in an Australian environment need to be properly considered and evaluated before implementation on a wider scale is sought.
- The customer’s right to privacy has to be respected and any strategy must comply with National Privacy Principles.

7. Responsible gambling education in Australian schools

Casinos are strictly regulated with respect to access by minors in all Australian jurisdictions. The ACA believes that better financial literacy and improved money management skills combined with gambling awareness will assist all adults, especially young adults, to make informed choices about the way they save money, budget and spend discretionary money.

The ACA supports the Australasian Gaming Council's view that the focus of a nationally consistent responsible gambling education curriculum for schools should bring the best elements of current state government programs together with financial literacy information from the Financial Literacy Foundation's Understanding Money campaign to form the nucleus of an innovative program easily accessible and highly relevant to today's youth. Furthermore, national consistency can be achieved by developing the program under the National Curriculum Framework for Consumer and Financial Literacy.

In Conclusion

In considering the matters before the Productivity Commission, the Australasian Casino Association would like to reinforce the importance of Australia’s casino industry to the Australian economy, Australian jobs and Australian tourism. Against the background of a global financial crisis, and at a time when many economies, industries and individuals are pulling back from significant investments, the Australian casino industry is planning to invest at record levels and create sustainable jobs for many Australians.

Australian casinos are destination gaming venues. They are integrated entertainment complexes, governed by strict laws and regulations. Customers (domestic and international) make conscious, predetermined decisions to visit these casino integrated entertainment complexes.

Australian casinos operate in strict compliance environments, are subject to stringent regulatory controls and apply responsible gambling measures that comply with regulations, industry codes and other mandatory or voluntary policies. Australian casinos are committed to striking the right balance between informed choice, recreational benefits and harm minimisation.

Australian casinos operate in an international market. Increasing and aggressive competitive pressures for gaming and non-gaming tourists throughout Asia means that Australia must provide world leading and world competitive services, products and policy settings to remain competitive.

The Australian casino industry has demonstrated this through its significant initiatives and investments over the past decade that it is committed to responsible gambling.

Australian casinos are major employers and are proud of their employment record, their commitment to training and their partnerships with community organisations.

The ACA commends the attached reports and would welcome the opportunity to discuss these reports and the above recommendations on the key issues with the Commission.

Yours sincerely



Chris Downy

Executive Director
Australasian Casino Association

Enclosures:

1. *Casinos and the Australian Economy*, The Allen Consulting Group, April 2009
2. *Australian Casinos: Responsible Gambling Initiatives 1999 – 2008*, Gambling Compliance Ltd, March 2009
3. *Asia Awakens: The Growth of Casino Tourism*, Gambling Compliance Ltd, February 2009
4. *Gaming Markets in Focus: Canada, USA and South Africa*, Gambling Compliance Ltd, February 2009