

Submission to the Productivity Commission's Inquiry into Gambling

Tabcorp Casinos and Gaming

April 2009

1. General Comments

Tabcorp is a member of the Australasian Gaming Council (AGC) and the Australasian Casino Association (ACA). Tabcorp supports the comprehensive submissions made by these organisations to the Productivity Commission's inquiry.

Tabcorp is an industry leader in the responsible delivery of gambling entertainment. In this brief submission, we comment on some matters under consideration by the Productivity Commission from Tabcorp's perspective. These comments are designed to complement the submissions of the AGC and the ACA.

2. Gambling entertainment

Gambling is a form of entertainment enjoyed by many Australians each year. The majority of people who gamble in a casino, hotel or club do so responsibly and within their means.

Tabcorp supports adults being able to make an informed choice to gamble.

Tabcorp also recognises that a small proportion of people have a problem with their gambling, and believe it is important that industry, government and the community sector work together to assist these people.

3. Problem gambling prevalence

Tabcorp supports the work undertaken by the AGC in relation to problem gambling prevalence.

Tabcorp notes that in 1999, the Productivity Commission estimated that 2.1% of Australia's adult population had a problem with their gambling behaviour. Whilst we note the difficulties in making comparisons, there have been several studies conducted in Australian jurisdictions since 1999 that have consistently indicated reductions in the prevalence of problem gambling in most jurisdictions.

Jurisdiction	Measurement tool	Year	Problem Gambling Prevalence Rate
South Australia	CPGI	2005	0.4%
Australian Capital Territory	SOGS	2001	1.91%
Tasmania	CPGI	2007	0.54%
Victoria	CPGI	2003	0.97%
New South Wales	CPGI	2006	0.8%
Queensland	CPGI	2006-07	0.47%

Although there are significant statistical issues with measuring changes in small numbers, there is at least some evidence that prevalence rates have stabilised, if not declined.

As the prevalence of problem gambling trends downwards, new measures to address problem gambling are likely to have diminishing returns and impact disproportionately on recreational gamblers. Moreover, in a mature industry there will be a prevalence level below which it will be almost impossible to reach. At that level, it becomes more important to educate the community and assist those in the community who have problems controlling their gambling.

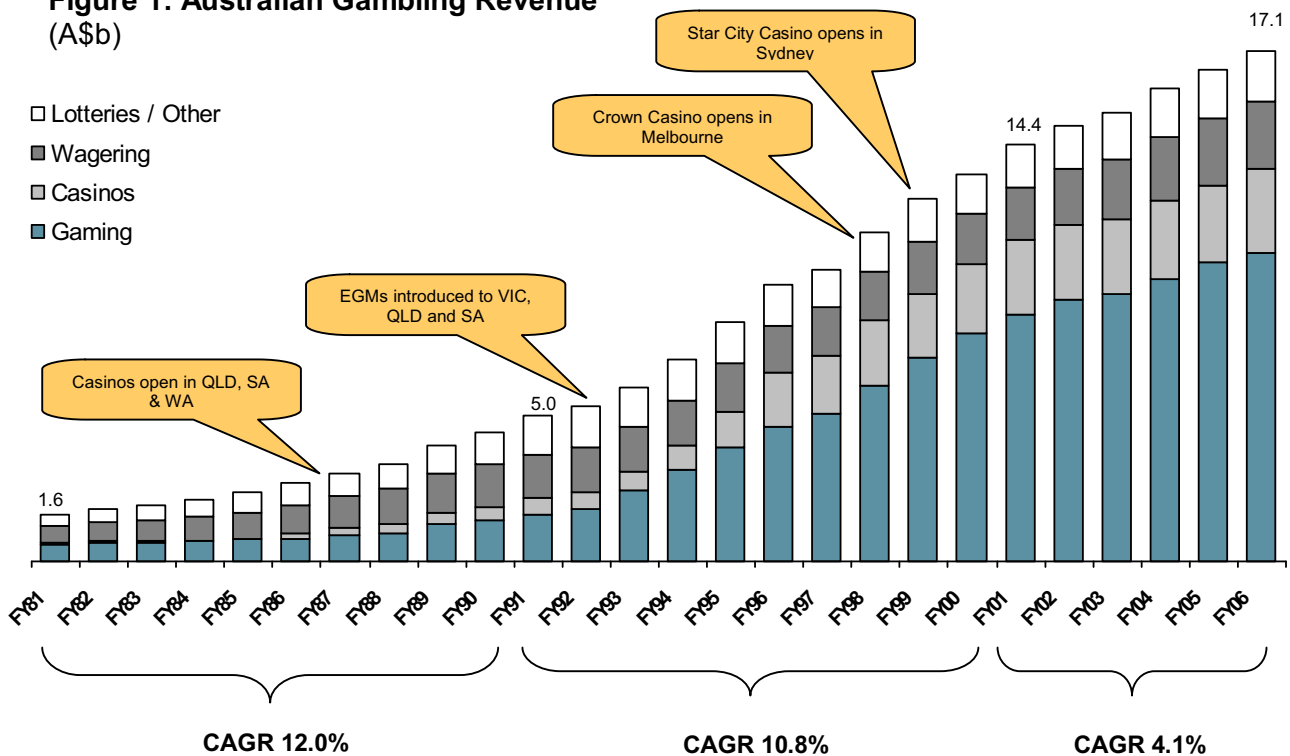
4. Gambling Expenditure

Gambling is now a mature industry, evidenced by expenditure patterns.

When the Productivity Commission first reported on Australia's gambling industries in 1999, deregulation was relatively recent.

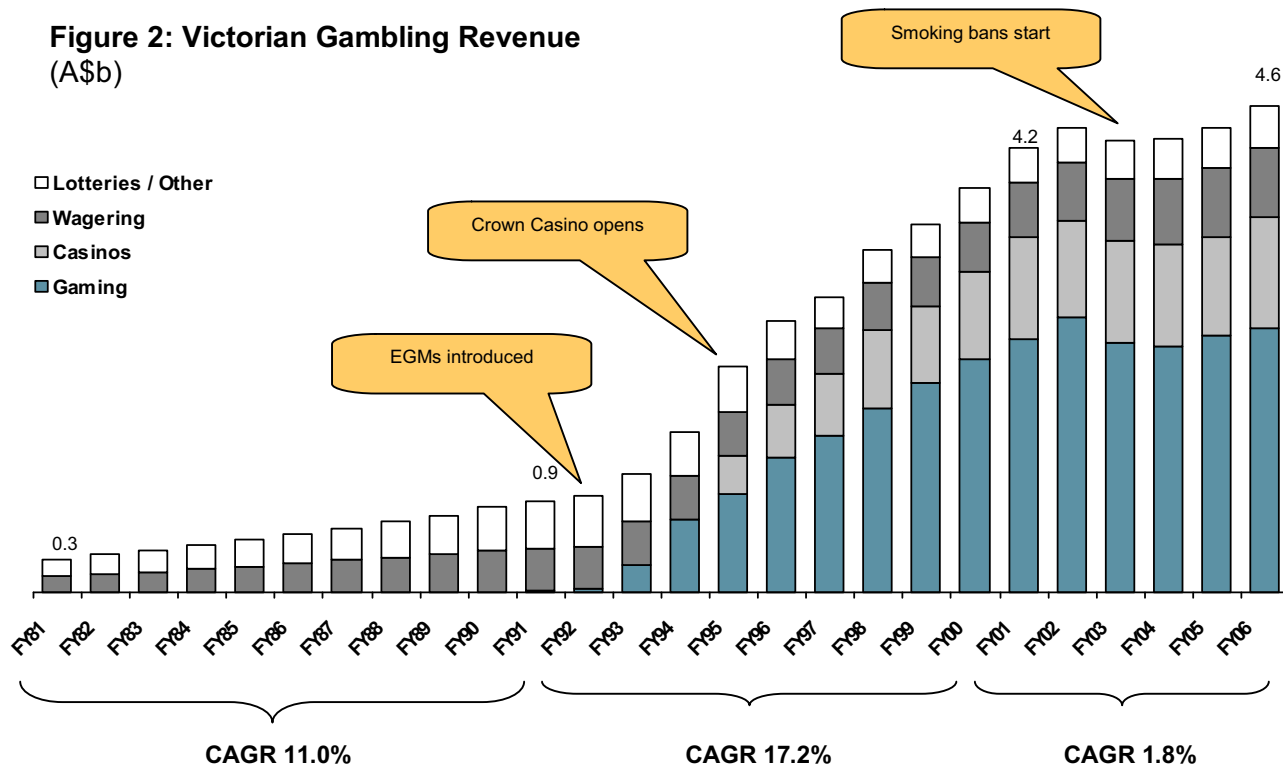
The diminishing expenditure growth rates in Figures 1 and 2 demonstrate the gambling industry is now mature. In Australia, the gambling industry's CAGR was 10.8% between 1992 and 2001 and 4.1% between 2002 and 2006. In Victoria, the CAGR of 17.2% achieved between 1992 and 2001 has decreased to a CAGR of 1.8% between 2002 and 2006.

Figure 1: Australian Gambling Revenue (A\$b)



Note: Gaming is EGMs and Keno
 Source: 2006 Australian Gambling Statistics, Australasian Gaming Council

Figure 2: Victorian Gambling Revenue (A\$b)



Note: Gaming is EGMs and Keno
 Source: 2006 Australian Gambling Statistics, Australasian Gaming Council

5. Gambling Regulation

A different industry attitude to addressing problem gambling

Gambling is arguably the most heavily regulated industry in Australia, and subject to intense scrutiny.

Much of the criticism of the industry fails to recognise the efforts taken by the industry, together with governments and the community sector over the last decade, to address problem gambling and promote responsible gambling.

A very significant change over the last decade has been the industry's recognition of the seriousness of problem gambling and the importance of self-regulation, which is critical to ensuring a sustainable gambling industry.

Many of the responsible gambling measures now enshrined in legislation/regulation were initiated by the gambling industry. These include:

- Responsible Service of Gaming training for venue staff
- Responsible gambling codes of practice
- Independent complaints resolution mechanisms for customers
- Responsible gambling messages in advertising gambling products
- Clocks in gaming rooms
- Encouraging breaks in play

- A range of alternative recreation options at gaming venues
- Signs at the entrances to gaming venues and in venue car parks warning against leaving children in cars
- Self exclusion programs
- Information about problem gambling support services on gaming machines and ATMs in gaming venues
- Responsible gambling messages and information in EGM gaming rooms.
- Encouraging customers to take all or part of their winnings by cheque

Achieving balance in gambling policy and regulation

Too often, the debate about gambling ignores the legitimate right of people to gamble responsibly, as a recreational activity.

Statistics demonstrate that the vast majority of gamblers do so responsibly and do not have a problem with their gambling. It is critical that gambling continues to be an enjoyable recreational pursuit for these people.

There is a balance to be struck in the development of policy to ensure that new initiatives aimed at minimising harm for people who have problems with their gambling do not unduly impact on the enjoyment of recreational gamblers, and do not encroach on individual's personal decision making.

Australians value freedom of choice in how they spend their time and money. As a community, we also value the desire to assist community members in trouble. There needs to be an emphasis on personal responsibility in dealing with matters such as gambling, rather than simply relying on broad regulatory measures.

Promoting responsible gambling rather than simply addressing problematic gambling is an important means of achieving this balance.

6. Consumer protection measures

Tabcorp has formulated a responsible gambling framework, based on best practice across Australia and internationally, and consulted with employees, counselling services, community groups, governments and expert researchers.

It is Tabcorp's aim to provide gambling environments that are supportive to customers and where potential harm to individuals and the broader community is minimised.

Based on a social health approach, the company's responsible gambling framework consists of three core components, namely:

- Primary prevention – those initiatives that the company pursues before a person decides to gamble, for example, the provision of information to enable informed choice and financial support for research.
- Secondary protection – activities once an individual has decided to gamble, for example Codes of Practice, appointment of dedicated responsible gambling managers across the company's business units and development of training programs for employees.
- Safety net and rehabilitation – interventions that are appropriate where an individual has most likely developed a problem with their gambling, for example funding for counselling services and the operation and funding of self-exclusion program.

Tabcorp has led the industry in the development and introduction of responsible gambling initiatives, which is why the company has been recognised as global leader in the promotion of responsible gambling by the Dow Jones Sustainability Index.

Tabcorp's responsible gambling codes

In 1998 Tabcorp joined with other Victorian gaming industry providers in committing to a series of Victorian Gaming Machine Industry Responsible Gambling Codes of Practice.

In 2001, Tabcorp developed its own Responsible Gambling Code of Practice following extensive consultation with industry, community, government and regulatory stakeholders. The Code committed Tabcorp to providing information to customers about responsible gambling, providing information about its products including the chances of winning, providing information about problem gambling support services, staff training in responsible gambling, and stakeholder engagement.

In 2005, Tabcorp engaged KPMG to undertake a complete review of the Code and received input from a broad range of stakeholders. The findings of the review informed the development of a revised Responsible Gambling Code of Practice, which was launched in January 2006. The revised Code was more comprehensive and had a greater emphasis on a commitment to customer care rather than compliance, the Code committed the organisation to:

- Provide information regarding gambling products to enable a customer to make an informed choice about their gambling activity
- Comply with all relevant laws and regulations
- Train employees in responsible gambling
- Not encourage customers to chase losses, continue to play longer than they wanted or play for excessive periods of time
- Assess new products for their likely impact on the potential for customers to develop gambling problems
- Engage with government and community stakeholders, including problem gambling support services regarding responsible gambling and problem gambling issues
- Advertise and promote our products, in line with the standards set out in the Advertiser Code of Ethics as adopted by the Australian Association of National Advertisers.

Tabcorp engaged KPMG to undertake an annual review the company's compliance with this Code. This included measuring employee knowledge about the Code, responsible gambling practices and problem gambling support services. The results of these reviews were reported to Tabcorp's Board of Directors.

Tabcorp's Queensland-based businesses also comply with the Queensland Responsible Gambling Code of Practice.

Governments in a number of Australian jurisdictions are now moving towards mandated responsible gambling codes of conduct/practice.

Whilst we appreciate that requiring employees to comply with different and potentially conflicting codes is problematic, we also believe codes form the basis of providing gambling in a responsible environment.

Tabcorp is in the process of replacing its group-wide Responsible Gambling Code of Practice with a separate code for each of its Gaming, Wagering and Casinos divisions. The division will will:

- Develop and comply with voluntary codes appropriate to their operations
- Comply with mandatory codes where they exist, for example in Victoria
- In the case of Tabcorp's Queensland-based business, continue to comply with the Queensland Responsible Gambling Code of Practice.

Other responsible gambling activities

In addition to its work on responsible gambling codes, Tabcorp has also supported a number of responsible gambling initiatives across its businesses. These include:

- Employing specialist responsible gambling managers in each of Tabcorp's divisions and employees with responsible gambling accountability at a corporate level.
- Holding an annual Responsible Gambling Awareness Week in our Sydney and Queensland casinos and providing financial support for Victoria's Responsible Gambling Awareness Week.
- Funding specialist counselling services for casino patrons, for example, Betcare.
- Supporting research, for example:
 - Tabcorp provided funding towards the establishment of the Victorian Institute for Gambling and Social Health, a partnership between the University of Melbourne and Monash University, which was launched in October 2007.
 - Tabcorp is contributing funding to a research project being undertaken by the University of Wollongong – "Can subtle physiological reactions to wins and losses help identify the problem gambler?" The research will attempt to develop a screening test that may identify problem gamblers early.
 - In 2007, Tabcorp supported research conducted by Victoria University on the gambling behaviour of culturally and linguistically diverse communities in gaming venues in Melbourne.
 - Tabcorp has assisted researchers by allowing staff to participate in research projects such as Southern Cross University's study to better understand the incidence of problem gambling amongst employees.
- Launching a ground-breaking responsible gaming training program for all relevant staff with William Angliss Institute many years prior to this being mandated by government.
- Funding independent reviews of Tabcorp's responsible gambling training programs to ensure they remain effective.
- Providing financial support for organisations such as the Australasian Gaming Council, that focus on research and education initiatives, and for educative forums such as the annual NAGS (National Association of Gambling Studies) conference.

Overview of Tabcorp

Tabcorp is a diversified gambling entertainment group that strives to offer a first-class entertainment experience for its customers across Australia.

Tabcorp manages leading customer brands in Australia, including the Star City, Treasury and Jupiters casinos, TAB in Victoria and New South Wales, Tabaret gaming in Victoria, Keno, Luxbet.com and Sky Channel. These brands together serve millions of customers every year.

Tabcorp was listed on the Australian Stock Exchange (ASX) in August 1994 to acquire the wagering and gaming businesses of the former Victorian Totalisator Agency Board. Tabcorp acquired the Star City hotel and casino in Sydney, in 1999. In 2003 the company merged with Jupiters, the owner of hotel and casino complexes in Brisbane, Gold Coast and Townsville. In 2004, Tabcorp completed the acquisition of Tab Limited, the New South Wales based wagering, media and gaming company.

Tabcorp's three major business units of Casinos, Wagering and Gaming employ more than 10,000 people.

Tabcorp has more than 220,000 shareholders and has a market capitalisation within the top 50 Australian companies listed on the Australian Securities Exchange.

Tabcorp is committed to ensuring its products are enjoyed by its customers and delivered responsibly. In recognition of its efforts, Tabcorp has been named global leader in the promotion of responsible gambling by the Dow Jones Sustainability Index.

The company makes a significant contribution to the communities in which it operates through sponsorships, donations, provision of community services and payment of taxes.