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**SUPPLEMENTARY SUBMISSION TO  
PRODUCTIVITY  
COMMISSION INQUIRY INTO  
GAMBLING IN AUSTRALIA**

**This submission by Regis Controls Pty Ltd should be read in  
conjunction with the previous submission number 82**

State and Territory Governments (WA excepted) are heavily dependent on the taxation revenue from gambling and in particular from poker machines. The gambling industry led by EGM service providers constantly seeks to maximize revenue and protests that the number of problem gamblers is vastly exaggerated and the industry provides substantial benefit to the community. The principal losers who fund both groups are some **four hundred thousand (400,000) Problem Gamblers and a further 800,000 at risk (NSW Dept of Health estimate 2008)**; as well there are on average seven (7) other people (partners, parents, husbands, wives, children etc) who are adversely affected by every problem gambler.

An assessment of many of the 260 submissions to the Inquiry indicates that public and political laissez-faire attitudes to the serious consequences of problem gambling are changing. State and Territory Governments who could be described as having a 'hasten slowly' policy for the past ten years now appear to be serious in finally tackling the issue.

The convergence of electronic gambling technology via internet, pay-TV and mobile phones is growing rapidly and is poorly documented in terms of losses incurred and the overall impact on Australia and its economy. With hindsight the Interactive Gambling Act 2001 was a real bonus from Australia to the offshore gambling industry.

The Productivity Commission in making its recommendations can now address the real core of problem gambling which is the poker machine. It also has a once in ten year opportunity to address the technology convergence issue which clearly has the potential to increase problem gambling progressively particularly among the technology savvy under age groups.

We believe there are three options:

1. Continue to let the states and territories evolve and implement their own harm minimisation strategies, which many might suggest represents 'the do nothing to affect our revenue strategy' based on their past record
2. Implement light but uniform national regulations
3. Implement real harm minimisation regulations nationally as other western countries have done (usually countries with lower consequential problem gambling outcomes compared to Australia)

A number of possible solutions have been canvassed in submissions by various governments, community groups and the gambling industry which we would like to comment on briefly.

## **1. STATE AND TERRITORY GOVERNMENT RESOLUTION**

1. Government submissions indicate a range of proposed solutions and timescales for addressing problem gambling which when combined with the budgetary positions of states and territories does not provide much confidence in the achievement of any real reduction in problem gambling during the next five years.

## **2. LIGHT REGULATION**

2. A limit is placed on an individual's losses on a single poker machine and when the limit has been reached on that particular poker machine only, the poker machine closes down for that user.

**Comment:** Problem gamblers chase their losses; therefore after reaching the limit on one machine the problem gambler will simply migrate to other machines in the hope of recouping their losses. As an example with a limit of \$500 applied on a single machine in a venue of 50 machines; the problem gambler is effectively being allocated a **"collective limit in the one venue"** of 50 machines x \$500 = \$25,000 and compounded by way of 520 venues in Victoria alone, thus effectively being given a limit of millions of dollars.

Adopting this method of "Pre- commitment" is not likely to be effective in harm minimisation or in the recreational player's interest. The general public including and those who are at risk may well be relying on the government and gambling providers' assurance that it is safe to play the poker machines. This type of pre-commitment provides an illusionary measure which in effect creates a **"false sense of security"** because the pre- commitment limit becomes tens of thousands of dollars in a single venue. This proposal is unlikely to **conform** to the AMF/CTF Act 2006 (the AML/CTF Act) requiring gaming venue operators to report suspicious transactions to the Australian Transaction and Reports Analysis Centre (AUSTRAC) if they provide "designated services".

Designated services include allowing a person to play a game on a gaming machine located at the venue and paying out winnings or awarding prize where the game is played on a gaming machine located at the venue. The AML/CTF Act imposes a number of other obligations on gaming venue operators including customer identification and verification of identity, record keeping, establishing and maintaining an Anti – Money Laundering and Counter Terrorism Program, and ongoing customer due diligence where a player must be "positively identified" and "any suspicious transactions not only \$10,000" in a 24 hour period be reported to AUSTRAC.

2. A player applies "on a voluntary basis only" at a venue for a **"loyalty card"** in order to place their own limit on themselves which can be exceeded?

**Comment:** The endorsement of a **"loyalty card"**, to be used as a vehicle for a gambler to apply a voluntary pre –commitment is flawed and dangerous. (Loyalty Cards promote gambling - refer **2\* pages 12-14**) To offer this kind of pre-commitment to the gambling public, let alone problem gamblers and those who are at risk, would be ineffective and tantamount to sending the wrong message.

Gamblers are rewarded by a loyalty card for gambling (the more they gamble the more prizes, gifts and loyalty points they receive) and this scheme also allows the limit to be endlessly exceeded, once again allowing the problem gambler to continue to chase their losses.

Multiple venues often closely located and with different operators, will allow players to acquire multiple **'loyalty cards & limits'** collectively providing a vastly increased overall limit and again creating a false sense of security.

3. Internet gambling providers - racing, casino, Pay TV, games of chance, poker and sports betting etc- each offering the player a pre –commitment limit on their account.

**Comment:** As an example, should a problem gambler or those at risk have a pre –commitment limit for each internet gambling provider, this will be compounded (all limits from all internet gambling providers) into tens of thousands of dollars. (**3\* Extract from - page 76 of The Parliament of the Commonwealth of Australia "NETBETS", - refer page 5 - 6**) The internet gambling industry is thriving and soon internet gambling providers will exceed the number of poker venues operators.

Also credit cards are accepted by virtually every site enabling the problem gambler and those at risk to borrow from multiple sources in order to gamble and resulting in paying high interest rates on their losses.

There are many reports from around the world which regularly report money laundering and criminal activities. Individually and collectively, these gambling providers with individual limits do not conform to the **AMF/CTF** rules where a player must be “**positively identified**” and any suspicious transactions in a 24 hour period be reported to AUSTRAC.

2 \* <http://www.iga.sa.gov.au/pubcons/iiba/Regis%20Controls%20Pty%20Ltd.pdf> refer pages 12-14

3\* <http://www.iga.sa.gov.au/pubcons/iiba/Regis%20Controls%20Pty%20Ltd.pdf> refer page 5 -6  
Extract from - page 76 of *The Parliament of the Commonwealth of Australia “NETBETS”, Report by the Senate Select Committee on Information Technologies March 2000.*

4. A USB device is issued to players where the details of the players’ identity (thumb print) are encrypted and the player becomes anonymous also all details pertaining to the player are then destroyed.

**Comment:** The concept of issuing a registered device to an individual and then destroying all information of identification pertaining to that person is contrary to the AMF/CTF Act .Also many elderly players will not be able to use this biometric device. (Refer 4\*- pages 15-16)

4\* <http://www.iga.sa.gov.au/pubcons/iiba/Regis%20Controls%20Pty%20Ltd.pdf> refer pages 15-16

## Effective Harm Minimisation Regulation

In order to gamble anywhere in Australia when using electronic technology (EGMs, internet, pay TV etc, a Responsible Gaming Card (encrypted chip technology) should be used with the minimum following features.

1. Identifies and authenticates the player and the venue provider
2. Operates for EGMs (poker machines), casinos (table games), designated forms of wagering and other forms of electronic gaming such as via internet or Pay TV
3. provides for pre-commitment by individuals within the overall harm minimisation measures
4. limits the total amount gambled in a prescribed period through all prescribed forms of gambling
5. records financial transactions and provides a secure financial audit trail
6. bars minors and bars individuals based on legal conditions and voluntary self exclusion instantaneously
7. prevents credit card betting

8. provides secure transactions through 3DES/RSA encryption
9. ensures player's privacy
10. monitors compliance with Government legislation on transaction reporting (Austrac)
11. potentially facilitates venue or gambling service provider loyalty schemes (if so authorised)
12. operates using physical and/or electronic cash
13. potentially limits large payout amounts by postdating balances above the limit
14. provides the framework for a national harm minimisation system.

We thank you in advance accepting and publishing this submission and can be contacted should you require further input.

Yours respectfully

**Mr. Elik Szewach** – CEO  
**Miss. Lisa Horten** – Director

Regis Controls Pty Ltd