



## PRODUCTIVITY COMMISSION GAMBLING INQUIRY 2009 RESPONSE TO DRAFT REPORT

BetSafe Pty Ltd provides an independent, comprehensive and integrated responsible gambling program for a group of leading NSW and ACT gaming machine venues and seeks to provide the highest standards in staff training, problem gambling counselling, self-exclusion and all other aspects of its program. BetSafe has consistent ongoing interaction with registered clubs and has a detailed knowledge of appropriate strategies for responding to problem gambling.

This paper responds to the Productivity Commission's Draft Report dated October 2009.

### Chapter 3 The policy framework

As gambling in Australia is now a mature industry, it is apparent that profit margins are declining due to increased levels of taxation, extra costs to the gambling industry in relation to compliance (with responsible gambling laws, amongst other things) and consumers increasing awareness of their gambling options and choice.

Gamblers who wager now have a range of interstate options and increasingly are shopping around for the best odds. Gaming machine average return to player is generally higher than it was a decade ago and online gambling has the potential to deliver even greater efficiency due to low staff numbers.

It is important that governments recognise that the gambling industry is now mature and the costs of responsible gambling measures are often resisted due to their impact on the bottom line. Where new or changed responsible gambling measures are recommended by this report, it would be highly desirable to assess the likely cost of implementing the measure, and weigh that against the anticipated benefit to gambling consumers.

Many online gaming products are very similar to poker machines and casino table games. The risk of deregulation of online gaming is that gambling consumers will migrate in large numbers to this new form of gambling, and without adequate safeguards, the level of problem gambling will rise significantly.

The proposal to repeal the Interactive Gambling Act would have a significant impact on terrestrial gaming machine industry. BetSafe is concerned that unless the existing land-based gaming providers remain financially viable then there will be inadequate funding for quality responsible gambling programs.

We were surprised that the Commission virtually ignored the significant lottery industry. Although lotteries do not have the same level of problem gambling as some other gambling products, yet they have a very significant market and some consumers do have gambling problems with lotteries. BetSafe has encountered a few problem gamblers who have developed an addiction for these products. One lady required 32 counselling sessions from BetSafe after she developed an addiction to scratch lotteries after self-excluding from all gaming machine venues in her area. She had an addictive personality and found that it was very difficult to avoid places where scratch lottery tickets were sold.

Lottery products are widely accessible and low cost and present a particular hazard for low income people with time on their hands. Because few people with addictions to lottery

products seek gambling counselling, we consider that the extent of the problem is not adequately recognised.

#### **Chapter 4 The prevalence of problem gambling**

BetSafe agrees with the view that problem gambling has declined somewhat in Australia over the past decade. This is a reflection of the effectiveness of the various harm minimisation measures that are now in place.

However, it is important to recognise that problem gamblers are all individuals, and the problems experienced will vary from one individual to another. So one problem gambler may be unhappy with the amount of money he/she is gambling but live a normal life with normal work, family relationships etc. Another problem gambler may not mind spending the money on gambling, but suffer in other ways because other people are not happy about the amount of time or money devoted to gambling.

Therefore we should not be overly concerned about which gambling screen is used or what the numerical total is, but rather to see how the various screens and tests provide information about the real issues being encountered by problem gamblers.

#### **Chapter 5 Counselling and treatment support services**

The best trigger for help-seeking is a decision by the individuals themselves. Therefore advertising and promotion of gambling counselling and help services is vitally important to make gamblers aware of the help that is available and to normalise the process of seeking help.

It remains the case that problem gamblers often seek medical treatment for symptoms of problem gambling such as depression and anxiety, without disclosing to the medical practitioners that they have a gambling problem. We believe that doctors and other health professionals need a better understanding of problem gambling to facilitate more effective referral to help services at an earlier stage.

BetSafe has found that referral by gaming venues at the time of self-exclusion can be an effective means of promoting counselling services to problem gamblers. Because BetSafe has ongoing interaction with staff of our member clubs through regular training and responsible gambling promotional activities, staff are familiar with the counselling available. So when a patron requests self-exclusion, that will be processed immediately at the club. Club staff, usually at the Duty Manager level, will process the self-exclusion and provide information about BetSafe counselling. This involves a verbal statement, at the discretion of the Duty Manager and provision of a BetSafe brochure, with contact details, which the patron can take away with them. In many cases, with the patron's consent, the Duty Manager will telephone the BetSafe 24 hour counselling service to allow the patron to speak to a counsellor and/or make an appointment. Importantly, the Duty Manager is in a position to positively encourage the person who is self-excluding to actually make contact with BetSafe.

Patrons often report that they came to counselling because they were encouraged by staff to do so. We believe that interaction between gambling counsellors and gaming staff is not widespread in other areas of the gaming industry, because gaming staff and management often feel, not always without justification, that gaming counsellors may be critical of the work they do. However, if there is some degree of trust, then gaming staff are more likely to refer patrons.

*The Commission seeks feedback on the need for a national accreditation system for problem gambling service providers.*

Gambling counselling is challenging work that is best conducted by skilled professionals. There is a place for theoretical training, but the reality is that gambling counselling is most effective when conducted by experienced addictions counsellors who understand gambling issues. We are concerned that much of the current focus on problem gambling training is too theoretical and academic. One of the issues of concern is the high turnover of counselling staff in many gambling counselling services which means that there are few highly experienced gambling counsellors.

A national accreditation system that takes into account a counsellor's experience would be highly desirable to retain skilled and competent gambling counsellors in the long-term. Some counsellors working in the area of problem gambling have extensive experience and transitional arrangements should be incorporated in the national accreditation system to provide accreditation based upon their experience.

## **Chapter 6 Gambling information and education**

*Given the potential for growth in online, mobile phone and television-based quizzes, competitions and auctions — particularly with convergence of online and broadcasting technologies — there are sound reasons for increased regulatory oversight of such gambling. However, it is not clear who should have responsibility. The Commission seeks views on this matter.*

BetSafe considers that this area should remain the responsibility of the State and Territory gaming regulators as these government entities already have responsibility for gambling regulation and have an understanding of responsible gambling issues.

In NSW, the Office of Liquor, Gaming and Racing already has a comprehensive permit procedure in place for trade promotion lotteries and details are available from the factsheet [http://www.olgr.nsw.gov.au/pdfs/gofc\\_fs\\_trade\\_promotion\\_lotteries.pdf](http://www.olgr.nsw.gov.au/pdfs/gofc_fs_trade_promotion_lotteries.pdf). In particular, the regulator differentiates between ordinary trade promotions and those which are subject to 'special processing', presumably because they involve a greater element of risk.

Consideration should be given to determining what aspects of electronic quizzes, competitions and auctions are conducive to the development of problem gambling and these should be the subject of research prior to the introduction of controls. Whilst most trade promotions seem benign, there are some which should be the focus of research. In particular, we are concerned about activities such as competitions which can be entered unlimited times and have no effective restrictions on participation by minors.

Legislation may be required to ensure that these trade promotions be made subject to quantitative and qualitative restrictions to reduce the potential for excessive use. So for example, telephone quizzes and competitions may be required to have a daily limit on the number of entries coming from a particular individual and where significant amounts of money are involved in participating, then participants should be provided with information about the rate of return to player, nature of the competition, likelihood of winning a major prize and referral to help services.

## **Chapter 7 Pre-commitment strategies**

*The Commission seeks feedback on the appropriate detailed aspects of the design of a pre-commitment systems meeting the broad criteria in recommendation 7.4, including:*

- *the viability of using one-off small denomination cash cards for occasional gamblers to use on machines, with only minimal identification requirements*
- *the capacity to configure machines to play in a low-intensity 'safe mode' if no pre-commitment method is being used*
- *any requirements that might apply to players who opt out of pre-commitment*

- *measures to avoid identity fraud*
- *the appropriate transition to a pre-commitment system and the capacity of some jurisdictions to provide systems prior to 2016.*

Our primary concerns with pre-commitment are the absence of consumer demand and the difficulty in providing a system that cannot be avoided by problem gamblers.

The push to pre-commitment is being driven by the anti-gambling lobby who would prefer to do away with gaming machines altogether. History has shown that when people want to gamble, they will find a way to do so. The legalisation of much of the gambling industry began as a way of overcoming illegal gambling activities that flourished in a prohibitionist environment.

Gaming machines as a choice of gambling are probably at the peak of their popularity in Australia. They are a familiar product to most people and they are convenient, affordable and accessible. However, gaming machines have not always been so popular in the past and are at risk of being supplanted by online and telephone gambling.

Despite the criticism of gaming machines, they are more appropriate for responsible gambling measures than telephone or online gambling. It is better for consumers to gamble in a fully regulated marketplace than on the internet. The gambling environment in BetSafe clubs involves considerable human interaction and gaming venue staff have the potential to encourage gamblers to be responsible and to assist those who may have a gambling problem.

By contrast, online gambling is impersonal and remote, and problem gamblers can gamble 24 hours a day, 7 days a week, in secret with few safeguards. The risk of imposing excessively onerous restrictions on gaming machine players is that they will become frustrated to the point where they leave the safer gaming room environment and retreat to a quiet place where they can gamble on their phone or computer without the restrictions and without the safeguards.

Recreational gamblers will react negatively to the proposed cash cards, safe mode operations and other restrictions. They are generally opposed to any form of bureaucratic interference and the range of proposals will put off many of them. Before the introduction of such measures we recommend that qualitative research be conducted into the likely reaction of recreational gamblers to them.

Problem gamblers will invariably choose to 'opt out' of the system, or acquire a fistful of cash cards. They will hate any attempt at player identification. Many of the problem gamblers we see at BetSafe do not join club loyalty programs because they are not willing to identify themselves. The result of the proposed precommitment regime may be a black market of player identity cards that can be bought or borrowed by the problem gamblers. Gaming venue staff would need to be trained in policing methods if that sort of practice was to be prevented.

We note that Victoria has already decided to proceed with pre-commitment. BetSafe suggests that other governments wait to see how successful the Victorian experiment is before moving in this direction.

Under the precommitment proposal, players who choose precommitment would need to use a card which would identify the precommitment limits. We support either a daily limit or a weekly limit. Each month the player would need to sign a fresh precommitment authority setting out the maximum amount they were willing to spend. Players who chose to 'opt out' of the precommitment system would need to do so at least 2 days in advance and would need to renew their precommitment decision monthly. These players could then gamble as much as

they like, when they like. It would still enable problem gamblers to gamble but would force them to think ahead.

The Crown Play Safe model was not effective because problem gamblers were willing to forfeit their loyalty points to avoid restrictions and maintain anonymity. Many problem gamblers have little interest in loyalty schemes.

Player transactions statements have been available in NSW for years, but have not been utilised by consumers. Problem gamblers are not interested in them. They know they are losing money and don't like to be reminded or to face up to the extent of their loss.

Problem gamblers would also become conditioned to the periodic alerts and ignore them.

The inherently secretive and suspicious nature of problem gamblers means that few would be willing to participate in a pre-commitment regime where they have to provide their personal information. Those problem gamblers are going to do their best to evade the pre-commitment requirements, or if they are unable to do so, they will switch to a different form of gambling.

### **The need for immediate self-exclusion**

Self-Exclusion is an important tool in helping problem gamblers at an early stage. We disagree with the suggestion that problem gamblers be given a 24 hour 'cooling-off' after signing a Self-Exclusion agreement. BetSafe has over 12 years problem gambling counselling and Self-Exclusion scheme operational experience. We consider that any cooling-off period will prove a serious obstacle to the early rehabilitation of problem gamblers. The whole point of Self-Exclusion is to provide an immediate break from the gambling environment. This does not happen when the problem gambler has time to go away and think about things. The gamblers thoughts will invariably concentrate on returning to recover gambling losses, and will not be willing to then self-exclude.

At 5.15 it is suggested that 'there would appear to be value in involving problem gambling counsellors in interviews with individuals seeking self exclusion.' We understand that in the Victorian pilot study of Self-Exclusion, the counsellors were not attending at the venue at the time the gambler first requested Self-Exclusion, but at a later appointment. We consider that the group of participants were therefore motivated to stop gambling at a different stage to those who impulsively request Self-Exclusion following a significant gambling loss. It would be desirable to conduct some qualitative research into the experiences of these gamblers. We consider that they had probably disclosed their gambling problem to venue staff at an earlier stage and might have benefited from Self-Exclusion earlier had they been able to access immediate Self-Exclusion.

In our experience, most problem gamblers seriously consider Self-Exclusion at the point of crisis, when they have lost all the money they took with them to the gambling venue. They disclose their gambling problem to venue staff and are willing to sign a Self-Exclusion agreement. However, in the hours or days that follow the signing of the Self-Exclusion agreement, the gambler is likely to have second thoughts about keeping away from the gambling venue. The gambling urge will build up during those hours and days and the gambler may strongly regret their hasty decision to self-exclude. The gambler's thoughts will go over the money lost again and again and concentrate on how to return to the gambling venue to win back what has been lost.

It would be highly desirable for the gambler to see a gambling counsellor at this time, or to seek help from GA or other sources. However, only a minority of gamblers want to see a counsellor at this time. Those that do see a counsellor following Self-Exclusion have a greater prospect of long-term recovery. But what of those who don't want to see a counsellor? Should they be forced to see a counsellor?

## **Chapter 8 Venue activities**

*The Commission invites participants to comment on penalties or disciplines that gambling regulators could impose on venues for breaches of mandatory harm minimisation measures.*

*The Commission seeks views on whether a new statutory cause of action should be established and what criteria would be appropriate.*

BetSafe's views on this issue are already quoted by the Commission at page 8.15. We don't support the proposal for a new statutory cause of action as we don't consider it would benefit gamblers or the gaming industry. It would result in a handful of problem gamblers making speculative claims for large amounts of money based on evidence that could easily be manufactured. The legal profession would be the main beneficiary.

BetSafe considers that the gaming industry needs more encouragement to promote responsible gambling and this requires attention to detail. Responsible gambling laws and regulations should not be introduced or maintained unless there is evidence demonstrating their effectiveness.

Products and practices are likely to lead to problem gambling should be discouraged. Those promoting responsible gambling should be identified and encouraged. A ratings system based upon a listing, both positive and negative would be taken into account for matters such as venue opening hours, advertising restrictions, variations in machine numbers and licensing conditions.

## **Chapter 9 Access to cash and credit**

*The Commission seeks views on the practicability of exempting casinos from draft recommendation 9.1 in relation to their high rollers and international visitors.*

A distinction needs to be made between international high rollers and other categories of gambler. In our opinion, it is appropriate for exemptions to apply to casino gamblers who are overseas residents and come to Australia as tourists or on junkets. One means of identification is to require the person to present their passport showing a short-term tourist visa. These overseas visitors should be entitled to a liberal range of financial options as their presence in Australia is only temporary.

By contrast, BetSafe considers that the current approach by casinos of nominating residents as "high rollers" based on their gambling expenditure to be flawed. Wealthy Australian residents can easily arrange for their gambling funds to be deposited in a casino account by electronic transfer or cheque. A considerable number of "high rollers" in casinos are in fact problem gamblers who are gambling beyond their means. If they don't have a personal assistant to arrange for the funds to be deposited into their casino account, or if they don't have a chequebook, then their status as genuine "high rollers" should be questioned.

## **Chapter 10 Accessibility of gaming machines**

*The Commission seeks feedback on the period of shutdown that would best target problem gambling, with least side-effects on recreational gamblers.*

The mandatory shutdown does not have a significant impact on problem gambling. The Blue Moon research in New South Wales identified a handful of people who gamble between midnight and 10 am. Most of these people did not have a gambling problem. Only 8% of the problem gamblers who gambled late said that they tended to spend less time playing poker machines as a result of the shutdown. It is important to remember that problem gambling is a form of addiction and addicts will do anything to continue their gambling.

Problem gamblers would be the first to adjust their lifestyle to suit the changed hours. The Blue Moon research found that 10% of problem gamblers changed their times of playing poker machines as a result of the shutdown. So the impact on problem gambling is minimal.

We live in a society that operates 24 hours a day. It doesn't matter when the shutdown period occurs, some group of society will be affected. The current shutdown periods are all in the late night/early morning period when gaming machine usage is at its lowest. But that means that those late night and shift workers are deprived of a form of entertainment available to other groups. Whenever the shutdown period occurs, some group will be disadvantaged.

Although the Commission noted BetSafe's comments that the Sydney casino provides an alternative venue at the time club and hotel gaming rooms shutdown, it did not consider why clubs and hotels should shutdown and casinos should not. The Blue Moon research found that 5% of problem gamblers would go to the casino when the shutdown occurred if they wanted to keep gambling. So the research demonstrates the need for a uniform shutdown period covering all forms of gambling.

## **Chapter 11 Game features and machine design**

*The Commission seeks feedback on the use of loss-limited gaming machines as an appropriate harm minimisation measure. It seeks views on the specific option outlined in chapter 11, and in particular, on design features that could make it practically implementable. It also seeks views on any other option that would have essentially the same harm minimisation benefits.*

*In view of the limited research on the effects of jackpots on gaming machine play, the Commission seeks further views and information about whether any changes are warranted and, if so, what form they should take and the likely associated costs and benefits.*

The suggestion that a gaming machine that has a higher return to player is a safer machine is one with which we strongly disagree. A machine that offers increasing returns with increased play is going to be conducive to increased gambling and that is likely to exacerbate rather than reduce problem gambling.

The proposal also assumes that problem gamblers are rational consumers. That is a faulty premise. Problem gamblers are not rational, otherwise they wouldn't be gambling so much money. Many problem gamblers are seeking dissociation or an escape from the cares of the world, and the rate of loss is not something that they give much thought to. So a loss-limiting gaming machine cannot be expected to have the same effect with them as it has with ordinary, rational people.

However, a card that promised a theoretical rate of return of 100% would be very attractive to a gambler and very unpopular to a gambling venue. The possibilities range from gamblers who lend or rent their cards to others who benefit from the higher return to player to gambling venues that ban any patron who reaches the limit.

The practicalities of such a proposal are complex, the costs of reconfiguring gaming machines will be high and the benefits are doubtful. Allowing a problem gambler to continue to gamble is harmful in itself, even if the financial loss is reduced. Part of the attraction of gambling is the risk factor, and it is hard to see that a machine that pays back all your money is going to be exciting for this group.

## **Chapter 12 Online gaming and the Interactive Gambling Act**

BetSafe has a long history of being involved in the development and promotion of responsible gambling systems for online gambling providers. BetSafe prepared the responsible gambling

program for AusVegas, an online gaming company that was subsequently taken over by Lasseters Casino.

BetSafe was instrumental in establishing the Global Gaming Guidance Group (G4), see [www.gx4.com](http://www.gx4.com). Paul Symond was a foundation director of the Global Gaming Guidance Group, which provides responsible gambling programs, auditing and accreditation for a number of international casinos.

If Australia is to repeal the Interactive Gambling Act, then it needs to consult internationally, particularly with European Governments and work towards an effective regulatory and taxation regime for internet gambling. Until international co-operation is a reality, we must accept that Australian internet gaming providers will be competing internationally, and that excessive restrictions on local gaming providers will prevent them from surviving in an international marketplace. It may be that internet gaming providers should pay a higher rate of tax for their Australian customers than their international customers.

Lasseters Online Casino was considered to be the world's first government regulated online casino. However, Lasseters closed down in 2008 after sustaining ongoing losses. The main reason was the enactment of the Unlawful Internet Gambling Enforcement Act in the United States in 2006, which prohibited the provision of online gambling services to US residents. By reason of its government regulation, Lasseters was unable to provide casino services to US residents, unlike its competitors which were domiciled in less regulated jurisdictions. Another possible reason was that Lasseters was unable to provide the same level of inducements to gain new customers as its competitors. Typically, these inducements involve the provision of free credits to new account holders. Although the American market prohibition was one factor in the demise of Lasseters, it is likely that it could have survived if it had access to the Australian market and a level playing field in relation to its marketing activities. The high level of probity and government licensing apparently did not have sufficient attraction to customers.

In a submission to the government in 2003, Lasseters explained that jurisdictions could be divided into Tier 1, which is the most regulated and Tier 2, which "is characterised by smaller countries happy to gain revenues through license registration but enforce a less robust regulatory environment for internet gaming service providers. Lasseters also described "the third type of operator is the un-licensed and unregulated. Where online gaming is prohibited, these operators provide the prime source of services.

Lasseters pointed out that *"internet gaming is a difficult business. It is made more difficult by the uneven playing field between the regulated and unregulated service providers.*

*The operation of an internet gaming business is characterised by tight margins, high initial investment costs, and a high cost of customer acquisition and retention.*

*A regulated operated operator is under a competitive disadvantage due to the enormous costs involved with establishing and maintaining operations within a regulatory framework. These include: the cost of establishing the license conditions and operating manuals, license fees, ongoing monitoring costs and a fixed payout ratio defining the acceptable rate of return to the operator.*

*Regulated service providers had aimed to use the regulatory framework as a competitive point of difference in attracting a player base. However, the lack of a consistent international approach, consumer complacency regarding the safety of internet commerce and the proliferation of unregulated sites offering monetary incentives have made it difficult to gain a commercial return."*



The Australian gaming machine industry operates in a comprehensive legislative and regulatory environment and a legalised internet gambling industry should have similar requirements.

If internet gaming is to be introduced into Australia, then we recommend that a full range of harm minimisation measures be implemented, including the following:

- a tight player registration process, to prevent persons under 18 years old opening or operating accounts;
- a requirement that players open accounts in their real name. This will require identification checks similar to the 100 points required to open an account with a financial institution;
- A prohibition on providing credit for gambling. Players must be required to deposit actual funds in their account with the gaming provider before being permitted to gamble;
- Information about the games being played, including an explanation of the risks of chasing losses, the random nature of gaming and warnings about the hazards of developing gambling problems;
- Restrictions on inducements to attract new players and hold onto existing customers;
- Self-Exclusion, with a shared Self-Exclusion database that would allow a player to self-exclude from all online gaming providers licensed in Australia;
- Links to online counselling services for problem gamblers and information about telephone and face-to-face counselling;
- A precommitment facility, allowing the player to set loss limits in advance, with a cooling-off period required before raising the loss limit
- A predetermined maximum bet feature, to reduce the likelihood of loss chasing;
- Player behaviour monitoring, where the online gaming provider monitors player gaming patterns for possible problem gambling behaviour;
- Staff training for all the online gaming providers staff in responsible gambling and problem gambling;
- Involuntary exclusion from the online gambling regime for players identified as problem gamblers or as a result of a third party complaint which is verified;
- An external dispute resolution facility for players who are dissatisfied with some aspect of their online gaming;
- Regular compliance audits.

There should be a level playing field between online and terrestrial gambling providers with equal rates of tax being imposed on online casinos. The online gambling industry should also contribute to the cost of treatment of problem gamblers at a similar rate as well say 1.5%, even where those problem gamblers reside in a different jurisdiction.

The attraction to the Australian public of online gaming with an Australian licensed provider should not be overemphasised. By opening the market to Australian gaming companies, the government would also be giving the green light to all the overseas online gaming companies to compete for Australian customers. The likely result would be a race to the bottom, with Australian online gaming companies lobbying the government to reduce tax rates and remove restrictions on competition (such as the provision of free credits to new customers).

Prior to the introduction of online gaming, a public education campaign should be provided in anticipation of a massive advertising campaign by online gaming companies. We are already seeing increased advertising by wagering companies such as BetFair and Sportingbet, but the wagering industries level of advertising will be miniscule compared to the likely level of advertising by online gaming companies. Internet users should be conditioned to expect this extensive advertising and be warned that although an online gaming company may be licensed by the government, they can still lose plenty of money gambling with that company. Otherwise there is likely to be a perception that the government is responsible for the money people lose gambling on these sites.

Although most internet gambling takes place in the home at present it is wrong to assume that most internet gaming will take place within people's homes in the future. The telephone or notebook computer allows internet gaming to take place anywhere.

Although most online gaming involves playing poker, simulated casino table games or simulated gaming machines, there is no reason why future online gaming will remain restricted to these forms. It is likely that online gaming companies will continue to develop and market imaginative combinations of fun computer games with an element of gambling. If these are made available by their offshore competitors, then the Australian licensed operators will demand that our government allow them to be offered here. The result will be an ever-increasing online gambling market.

Obviously a legalised internet gambling market will impact on terrestrial gaming and a review of the current regulation of terrestrial gambling would be appropriate to ensure a level playing field. For example in NSW, there is a statutory prohibition against the external advertising of gaming machines. This would no longer be appropriate in an environment where internet gambling was widely advertised. It would be more appropriate to allow both industries to advertise their products and impose the same precommitment and other responsible gambling restrictions on each.

### **Chapter 13 Developments in the racing and wagering industries**

*The Commission seeks feedback on the feasibility of a direct distribution model, whereby a levy is paid by wagering operators directly to racing clubs, rather than through state racing authorities.*

BetSafe considers that there is merit in a system of funding racing clubs with a minimum level of governmental involvement.

*The Commission seeks further feedback on whether credit betting should be extended to other betting providers and, if so, whether the proposed restrictions are appropriate and what minimum credit threshold would strike the right balance.*

Traditionally, bookmakers only gave credit to wealthy punters who were considered to have the means to pay their debts. However, since the opening up of the bookmaking market, interstate bookmakers have been providing credit to everybody, even pensioners and the unemployed. Although this has resulted in a higher rate of default, it has allowed these bookmakers to grab a large share of the bookmaking market in a short period of time.

One solution would be to place a statutory onus on the wagering operator to satisfy itself that the gambler has ample financial resources to afford the credit provided. If the gambler failed to pay, then the wagering operator would have to convince a court that they had taken proper steps to confirm the gambler's creditworthiness, or they would not be able to collect the debt. This would make it more difficult for a wagering operator to collect bad debts from small punters who should never have been given credit.

Although it is arguable that credit should be allowed from a point of view of convenience, there seems little merit in the idea that people should be allowed or even encouraged to get themselves into debt for gambling. Gambling should be a recreation for people who can afford to lose money. BetSafe would prefer to see a blanket prohibition on credit for all forms of gambling.

Likewise, BetSafe is opposed to wagering providers offering free bets to attract new customers. Psychologically, a "free bet" is very different to "good odds". Offering free bets attracts customers who are likely to develop gambling problems. It is an offer of something

for nothing, which is clearly deceptive, as the wagering operator is ultimately expecting to make a profit from the customer who signs up for the free credit offer.

We consider that wagering providers should be encouraged to compete on odds or return to player, but that customers need to understand that, on average, they will lose money wagering in the same way that they lose money on all other forms of commercial gambling.

## **Chapter 14 Regulatory processes and institutions**

BetSafe supports the recommendations made in this Chapter in relation to gambling regulators and gaming machine regulation. It is important that regulation take place only after appropriate public consultation and with a fair balance between the needs of the gaming industry for clarity and viability and consumer harm minimisation. In particular, the history of governmental regulation of the gaming industry throughout Australia has been one of hasty regulation with inadequate consultation.

We are concerned that there are many legal restrictions and requirements imposed on the gambling industry without any evidence or in some cases, against the weight of available evidence.

The level and diversity of gaming machine regulation remains a problem. We find that even government inspectors do not always understand the complex legal requirements and tend to focus on tiny issues such as whether every single gaming machine in a club has a warning sticker, where contact cards should be placed and whether a compliance plate on a gaming machine is affixed in all 4 corners. We would like to see a simpler, more uniform regulatory regime that had emphasis on responsible gambling measures that actually benefit gambling consumers rather than the bureaucratic situation that currently exists.

## **Chapter 15 Gambling policy and evaluation**

*The Commission invites feedback on the likely merits or drawbacks of involving New Zealand in a proposed centre for gambling policy research and evaluation.*

The pooling of resources into a national research body has improved the size and quality of research projects. The NZ gambling market has much in common with Australia and we consider that involving NZ in a joint centre for gambling policy research and evaluation will benefit both countries.

## **Chapter 16 Transitions**

*The Commission has set out in very broad terms a framework for implementation of the draft recommendations. It seeks feedback on the transition and coordination issues for the Commission's consideration for the final report.*

We consider that the Victorian pre-commitment experiment should be carefully evaluated before it is adopted into other jurisdictions. If pre-commitment does not result in a significant reduction in problem gambling harm, then it will put back other measures significantly.

The proposals for public awareness campaigns, more effective warnings, limits on inducements, improvements to Self-Exclusion, regulator compliance and complaints-handling, warning and help messages and governance arrangements are unlikely to be as easy to implement as is suggested on p.16.2. A brief consideration of the current situation reveals that many of these things have been attempted in a hasty manner in the past, with inadequate input from consumers, industry or experts. We believe that a more detailed consideration of these areas of action is required and this should be done carefully and with proper consultation.

More coordination and sharing of resources between government is necessary. Ideally, research should be conducted into the differences in responsible gambling regulation that exists between different jurisdictions, both in Australia and internationally to see what is successful, prior to its implementation.

## **Conclusion**

The draft report contains a number of significant recommendations. The cost of some of the recommendations will be significant. Bearing in mind that there is little or no demand from gambling consumers for some of the recommended strategies, then BetSafe advises caution in relation to their introduction. It is difficult to impose unwanted consumer protection measures upon consumers, as they have a habit of circumventing them. We are concerned that such things as precommitment and mandatory periods of shutdown will have a significant financial cost, have little impact on problem gambling and provide less benefit than more simple and straightforward measures such as more effective consumer education and public awareness.

Signed,



Paul Symond  
General Manager & Founder  
BetSafe Pty Ltd

Dated 18 December 2009