



NORTHERN TERRITORY GOVERNMENT SUBMISSION TO

THE PRODUCTIVITY COMMISSION'S

DRAFT REPORT INTO GAMBLING

JANUARY 2010

BACKGROUND

The Productivity Commission's (the Commission) Draft Report into Gambling (the Report) was released on 21 October 2009.

The following comments are provided in relation to selected findings and draft recommendations of the Report.

CHAPTER 3 – THE POLICY FRAMEWORK

CHAPTER 4 – THE PREVALENCE OF PROBLEMS WITH GAMBLING

CHAPTER 5 – COUNSELLING AND TREATMENT REPORT SERVICES

CHAPTER 6 – GAMBLING INFORMATION AND EDUCATION

Comment

The assumption made that some measures with even marginal performance at harm minimisation might be worthwhile is reasonable. The key issue to some extent for small jurisdictions will be the relatively low capital; base that exists among venues. For example there is no significant network of hotel owned gaming machines in the NT like the ALH Group in the eastern States and so the capital capacity of Northern Territory (NT) organisations needs to be accounted for in the kinds of time frames nominated by the Final report and maybe even suggest variable time scales based on the relative aggregate size of the industry.

There is evidence that the prevalence of problem gambling is showing model trend declines. This should be acknowledged and it would be worthwhile for the Final report to put that decline in the context of alcohol policy or other key avoidable public health concerns to create a clearer context.

A national accreditation scheme for problem gambling counselling is not needed. Formal qualification schemes already exist that would take a counsellor from low certificate level qualifications through to degree level and post graduate. The issue is the low investment from the university sector in post graduate training.

While quizzes and competitions remain promotions in the marketing sense the existing framework for regulation would seem to be adequate. It would benefit from a clearer harmonisation program but that is underway. More formalised gaming and gambling activity in these environments can be properly regulated by State and Territory jurisdictions especially without the complexity created by the *Interactive Gambling Act*. The key issue is that if a jurisdiction were to seek to regulate these channels, specifically the test should revolve around the significant variance that the channel represents from existing gambling forms. For example, the Foxtel based wagering service can easily be managed within the wagering regulatory scheme.

CHAPTER 7 – PRE-COMMITMENT STRATEGIES

Comment

While pre-commitment systems seem reasonable on the face of it, the key issues revolve around ubiquity and anonymous structures. In environments like the NT with very heavy tourist to population ratios the need for short term system structures will be more important.

Further, as discussed earlier the small scale of the market in the NT might necessitate longer implementation time scales than suggested in the draft report for small jurisdictions.

In terms of self exclusion; the expectation that jurisdiction wide barring can work is not supported. In the absence of ubiquitous ID controls, the exclusion would be ineffective. The focus of the Commission would be better directed to the therapeutic activity that supports self exclusion schemes as per the Victorian program.

CHAPTER 8 – VENUE ACTIVITIES

Comment

The NT has a substantial regulatory scheme that imposes significant penalties on licensees. The application of penalties is an area fraught with both policy and philosophical complexities. For example, the current national agenda in relation to Directors liabilities might have the effect of watering down already significant penalties associated with breaches of gaming law.

The most effective feature of the Final Report would be to construct a substantive case for leaving gambling policy outside of the national regulatory reform agenda.

CHAPTER 9 – ACCESS TO CASH AND CREDIT

Comment

The NT contains a highly dispersed population and in some cases licensing of liquor and gaming have been key elements of creating viable and sustainable tourism and hospitality business.

These businesses are often far removed from major centres and have few or no alternative banking facilities and the financial services market is unlikely to provide adequate alternative services. The Final report would assist by making recommendations that outline a basis for suitable criterion aimed at creating appropriate exemptions in remote areas from the proposed ATM limits.

CHAPTER 10 – ACCESSIBILITY OF GAMING MACHINES

Comment

The restriction of gaming machines, that is, shutdowns is unlikely to lead to substantive improvements. The data presented in the report indicates that problem gambling occurs at the same time as all other consumption activity. This suggests that this is a policy option that has reached its useful limit. In the NT, there are no 24 hour community gaming premises, with the majority closing before 2 pm.

CHAPTER 11 – GAME FEATURES AND MACHINE DESIGN

Comment

While most of the measures proposed are implemented in the NT in one respect or another, there is room for the Final report to address the issues of how the measures interact with one another dynamically.

For example, the NT does not have note acceptors in its pub and club gaming venues. The question of what maximum bet is appropriate or how cashless gaming systems affect the performance of the existing NT restriction on note acceptors needs to be fully considered.

CHAPTER 12 – ONLINE GAMING AND THE INTERACTIVE GAMBLING ACT

Comment

The repeal of the *Interactive Gambling Act* (the Act) to be replaced by managed liberalisation of online gaming would be supported. The Act cannot prevent access to offshore online gaming services and, from a harm minimisation perspective, recognising the risk areas and establishing processes to manage them could be a more effective approach.

CHAPTER 13 – DEVELOPMENT IN THE RACING AND WAGERING INDUSTRIES

Comment

The Northern Territory would be supportive of a national approach to funding the racing industry. However, revenue derived purely from a national product fee model as imposed on racing product in the Northern Territory is insufficient to maintain the current Northern Territory racing industry.

While a national approach may minimise legal risks arising from the implementation of state-based product fees, there is a need to be cognisant of the significant constitutional issues around the regulation and taxation of wagering across state borders. The Northern Territory agrees that a gross revenue model, rather than a turnover model, is the most equitable and efficient method for imposing a product-based fee.

The Commission's report recognises that the allocation of funding within racing codes maintains unprofitable race meetings for broader industry benefit. Consistent with this, the Northern Territory maintains that a national funding model must recognise that smaller jurisdictions and rural racing provide community value and support the industry including through providing breeding stock and midweek racing products.

The Northern Territory's view is that a national model for funding the racing industry based on a product fee must include subsidisation of smaller states and territories with weaker racing products to ensure the maintenance of a robust national racing industry.

Although it is not clear, it is presumed that a national product fee approach would replace only state-based product fees and not impact on government revenue raised from the wagering industry (such as wagering taxes, licence fees etc).

The Northern Territory's view is that the national product fee and the distribution model that subsidises the states and territories with weaker racing products needs to be administered by a single, presumably government owned, entity by way of a distribution agreement. Under this scenario the levy could be collected from wagering operators and distributed directly to the clubs by the collection/distribution entity.

The Northern Territory also considers that state and territory governments should exclusively negotiate/agree the distribution model and this work should be undertaken by state and territory Treasuries.