

From: Jim Stewart [jimstewart@ibm.net]
Sent: 22 September 1999 10:03
To: gambling@pc.gov.au
Subject: FW: FEWER GAMBLERS OR MORE REGULATORS?

This is being sent after reading of the Commission's Brisbane hearing next week, and calling Geraldine Martisius, and asking for the draft report

The e-mail forwarded below was originally sent for publication in the SMH, but hasn't been to my knowledge. But 1st I'll outline three points.

1. Public polling

I hope this key theme of SMH e-mail is relevant enough to warrant a chance to discuss and develop in Brisbane. I don't know if the SMH or anyone else has polled readers (or listeners & viewers) on whether parliament should legislate to combine notices like '25% of what money spent on poker machines goes to the government', with legislation to require such payments 'up front', but if so, I trust results have been supplied to the Commission. If not, why can't the Commission initiate such polls, perhaps initially on a trial basis.

2. Online gambling

Presumably these hearings will be relevant to the Senate inquiry into online gambling, where the obvious problems are beyond State or Commonwealth regulation. The obvious result will be (is?) cheaper global competitors to State franchised online gambling, with the risk that States (and Territories) will seek to maintain revenue by restricting access and/or lowering (online) taxes. Ultimately the only defence, as with drugs, is reduction of gambling demand by those who can least afford and resist it.

3. Competition Policy

Perhaps the Commission could examine the scope for rewarding States and Territories which wean themselves and their budding new gamblers from their harmful habits before they go 'on-line'. Legislation to require poker machine 'chip' payments 'up front', could be a start in this. Surely this 'competition policy' could hardly be opposed by those who so oppose other aspects of competition policy, specially if polling showed it public support.

Regards, and looking forward to your reply - by phone is fine

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-----Original Message-----

From: Jim Stewart [mailto:jimstewart@ibm.net]
Sent: Thursday, 22 July 1999 14:00
To: letters@smh.fairfax.com.au
Subject: FEWER GAMBLERS OR MORE REGULATORS?

Your editorial, and the opinions of Ross Gittens and Kerry Chikarovski promoting regulators as a solution to problem gamblers don't explain how their 'independent' regulators would help gambling 'addicts'.

The problem of informing would be gamblers of the odds they are playing, was rightly identified in your editorial as the single most important factor. While compulsory warnings in advertising are unlikely to do much by themselves, why not combine notices like '25% of what money spent on poker

machines goes to the government', with legislation to require such payments 'up front'. For example \$100 worth of chips would cost \$75.

Such publicly transparent 'voluntary' taxes might not deter real addicts, but would be a cheaper and more effective way to get Kerry Chikarovski's 'public and transparent consideration', than more regulators. It could also be much quicker, if the political will for a 'truly bi-partisan effort' exists. Or are Mrs Chikarovski and Mr Carr more interested in blaming each other, than reducing state governments' growing dependence on Mrs Chikarovski's 'golden goose' eggs?

To get an indication of how effective 'up front' publicly transparent 'voluntary' taxes could become, the SMH could ask the licensees and the Productivity Commission! Perhaps the SMH can even help build a 'truly bi-partisan political will'. Why not poll readers on whether parliament should "Just do it". It should soon prove to be the vital starting point to fewer gamblers, rather than more regulators.

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From: Williams John
Sent: 15 October 1999 11:47
To: Martisius Geraldine
Subject: FW: Maximising the net benefit of Gambling

-----Original Message-----

From: Jim Stewart [mailto:jimstewart@ibm.net]
Sent: 28 September 1999 16:35
To: Williams, John
Subject: Maximising the net benefit of Gambling

First my thanks for the chance to discuss my submission with the Commissioners on Friday.

Having browsed the draft report, I want to add a couple of points which may help, specially given the strength of the gambling industry vested interests relative to community interests like *'Interchurch Gambling Task Force'* at the hearing. Also I want to add them in the context of **Maximising the net benefit of Gambling**. At the same time I accept that there is no objective way of knowing this 'benefit'. Even more relevant is the question of the net benefit of **gambling alternatives** and their promotion.

Gambling Alternatives

The draft report, understandably, focuses on gambling alternatives with-in the 'industry', not those like share and FX trading and investment, which are likely to have higher 'net benefits' for the same level of participation. While Internet trading is beyond the individual reach of 'problem' gamblers, it should be possible for community-minded organisations like the *'Interchurch Gambling Task Force'* to **explore and develop such 'real time' gambling options** in conjunction with Clubs Queensland, and similar groups.

Incremental Changes and Evaluation

As mentioned in Box 18.1 of the draft report, any changes in gambling taxes would need to be incremental and carefully monitored. This is even more true for gambling alternatives outside the 'industry'. Not just because of the different tax regimes, but because overlapping regulatory systems, competing jurisdictions etc would make any large-scale introduction prohibitively slow and expensive. But a modest coalition of community-minded organisations could soon be working to develop and trial one or two options with the support of the Commissioners and an open-minded state or territory government.

For example, rather than sponsor legislation of any 'agreed' final solution to 'problem gambling', the Commissioners could facilitate brief projects (for example using resources like students and university people and facilities over the 1999/2000 Summer) for evaluation by networking groups formed from participants in the inquiry. The **existing website and a consequent e-mail/discussion group network** could be the focus of such incremental and carefully monitored changes.

Taxation & Gambling

The draft report considers the taxation of gambling but not the taxation of winnings. For most gamblers, specially 'problem' gamblers, the tax-free status of winnings is a powerful incentive, even though most lose more than they win. I haven't noticed any survey results to quantify this factor, but expect the high, and increasing rate of personal income taxes over recent decades has been a very real factor in attracting and retaining gamblers. For this and the sort of reasons discussed and implied in my first submission, I doubt the conclusion in Box 18.1 of the draft report, that: "Overall, taxes are not an effective instrument for managing problem gambling." If anything high, and increasing rate of personal income taxes over recent decades, together with the licencing and monopoly privileges granted by state and territory governments to developers of the modern gambling industry have been driven the growth and abuse of gambling.

Commonwealth Responsibilities

With the benefit of hind-sight, it seems likely the growth of problem gambling over recent decades has been largely driven by the Commonwealth Government's policies in non-gambling areas. Putting it crudely 'mendicant' states, after relying for years on tied Canberra 'handouts', have resorted to expanding their gambling industries, initially with the hope of attracting interstate gamblers. This started in Tasmania, but inevitably cascaded until even the least 'mendicant' states joined in, and any net benefit to states (as treasuries or as communities) turned to net costs.

Now such gambling industries are justified on their net benefit to the nation, by attracting international gamblers. The **price of any net benefit to the nation has been the rapid growth in Australia's problem gamblers**. Even if implicit or explicit recognition of these effects was behind the Treasurer's terms of reference, there can be little confidence that relying on the Commonwealth to solve the problems will work. It can assist best by provision of (\$for\$?) incentives to self-help and early, more immediate and transparent information on the gambling industry and alternative ways being tried locally and internationally.

Regards,

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-----Original Message-----

From: Williams, John [<mailto:jwilliams@pc.gov.au>]
Sent: Monday, 27 September 1999 16:13
To: 'Jim Stewart'
Subject:

<< File: Brisbane30-9 Public.doc >>

Attached is the list of those making submissions on Thursday and Friday of this week in Brisbane.

Any interested person may sit in and listen at any session. But the discussoin is between the particiaptn and the Commissioners (Gary Banks and Robert Fitzgerald).

Please let me know if you have any questions. I am on 02 6240 3215.

Regards