

28 June 2011

Ms Lyn Beverly
Committee Secretary
Joint Select Committee on gambling reforms
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Ms Beverly

As a regular poker player, thank you for the opportunity to provide my thoughts in relation to Australia's laws and regulations in relation to online gambling and gaming activities. I have set out my thoughts for your review and consideration below.

What I would like to see

Given the comments set out below, I believe and would support any move to increase the effectiveness of Australia's online gambling and gaming laws, but any such action should provide exclusions for the provision of online poker which is an activity quite distinct to other forms of online gambling and gaming. I also suggest that once carved out, online poker sites should be able to operate in Australia on a legalised platform, where their activities are regulated and where those activities within Australia contribute taxes and licensing fees to allow the government to facilitate programs for problem gamblers.

I also suggest that there should be no television advertising for any gambling activities in Australia, whether those activities be land based or online between the hours of 6am to 11.00pm. I would also support a ban on all sports betting, punting and any other activity being advertised that is relevant or related to the scheduled program and would support laws that prevented related activities being advertised through a total six hour window including the program time (ie 3 hours before and after).

Lastly, any strengthening of online gambling rules should not make the activity of playing illegal. In many cases the actual player is unaware of the laws and should not be punished for the fact that they do not understand that certain internet based services may be operating or providing games to them illegally.

Summary discussion of why the above recommendation should be considered

- There is a tendency for governments and social commentators to lump all gambling activities together. However, there are three very distinct activities within the gaming and gambling activities that must be identified. These are:
 - Traditional Casino (house) games
 - Poker (and other peer to peer card)games
 - Play money games
- I note that the house games which allow you to lose money to sights operator are far different to the peer to peer games where winnings and losses are exchanged between the players and the house takes a fee to cover provision of the platform for the game to be undertaken.
- Peer to peer games are generally defined as gambling activities by most States of Australia.
- Online activities in peer to peer games provide a much lower cost of gambling to the average Australian. For instance the lowest buy in game online at most sites is \$2, where as the lowest buy in game at a casino is \$200.
- The loss rate online of Australian's over the first half of this year at two major sites is -\$18 per 100 hands. Whereas the losses at land based casinos on average I estimated to be approximately \$100 to \$150 per 100 hands (see bases of estimation below).
- Online poker allows players to play small sessions of gambling with minimal impact on the family given they can undertake the activity from the comfort of their own home. Whereas without online poker these players would be forced to spend much longer times within a casino to undertake the same activities with far greater impacts on their family.
- The fact that over the last five years more than 60,000 individual players have played poker at two of the five largest online sites indicates that there is a demand for these activities.
- The productivity commission indicated to the Government that the best policy is to move online gaming to a legal activity and charge monopoly rents for the privilege of operating in Australia.
- Prevention of advertising removes a key source of exposing these services to our youth until they are at an age where they can choose freely about these activities.

Further Discussion on the above matters

Australians now have access to a vast number of gambling and gaming websites despite the legislation that currently outlaws the provision of those services to the Australian people. The fact

remains however, that the Australian people want to use these services as is shown by the number of people that do currently use these services.

I recommend that internet gaming and gambling should be broken down into three main categories:

- Traditional Casino (house) games
- Poker (and other peer to peer card)games
- Play money games

There are a number of providers in the market place some of which provide one, two or all three options on their websites.

My submission will concentrate on online poker games for real money as this is what I am most familiar with.

Overview

Obviously worldwide there are millions of people that play poker either for enjoyment or for gambling purposes. All wagering in a poker game is undertaken peer to peer with a percentage of each pot raked for the house, which allows them to pay for the costs of providing the website, infrastructure, and for their profit (given their required rate of return on millions of dollars invested in what is a substantial business operation).

In the most popular poker game “no limit hold’em” the following stakes are normally available to play online (note a \$2 table, each hand is a minimum bet of 2c to be in the hand), I have also taken a table count for one of the larger online sites as set out below for cash games only.

Table stakes	Maximum buy in allowed (ie \$2 tables - \$25 tables)	Number of tables running (players)
Micro	\$2 - \$25	1800 (12,600)
Low	\$50 - \$100	720 (5,040)
Medium	\$200 - \$600	420 (1,680)
High	\$1000 - \$10,000	150 (50)*

*Most high stakes tables were heads up matches with only 1 player waiting for someone to sit down.

Note: At the time the total player traffic was 127,000 the balance of players are playing tournaments or variations of poker that I didn't include.

Comparison to live games

Currently the minimum game available at an Australian casino is 50c/\$1 (maximum buy in \$100, minimum buy in \$20) which is only available at Crown Casino. The minimum game at all casino's has table stakes of \$2/\$3 (maximum buy in \$300).

Statistics regarding Australian online poker players

According to a popular online poker tracking site they have collated data based on countries the following in respect of Australia.

During this year 13,284 different players have played online at two of the top five sites (the other three top sites have not been tracked).

These Australian's have played 14 million hands of poker and on average, lose \$18 per 100 hands including the rake cost to the house for providing the game during the current year. Overall, since these statistics have been tracked the average rate of loss for Australians has been \$11 per 100 hands.

The rake (or take by the house for facilitating the game) per hand at the lowest stakes in most Australian casino's is normally around \$10 to \$15 per hand. If we assume all land based players are Australians then technically the rake is the only loss from the pool of funds and everything else will be 0 per 100 hands. On this basis, an estimate of the average losses per player at land based casino's would have to be upwards of \$100 to \$150 per 100 hands. (assumes 10 players per table).

Conclusion

What this points to is that by restricting access to these services, you would in-fact be forcing the majority of Australia's online players (approximately 60,000 players) to be playing much larger stakes than they would normally play and lose far greater amounts than they would normally lose.

In addition, playing on the computer allows people to play within their own homes, still be around their families and come and go from the games in an instant. By denying access to online poker you would be forcing those same Australians to abandon their family homes to attend brick and mortar casino's for larger chunks of time. The impact of husbands and wives playing at casino's for most of the night instead of being able to play for an hour or two at home safely and with their family when added to the level of losses that those Australian's are likely to incur increasing by restricting access to online poker it seems ludicrous that the Australian Government would not follow the sound logic and analysis of its own Productivity Commission and legalise, tax (the providing company) and licence online gambling, or at least online poker for real money.

As noted in the Productivity Commissions recent report, it was quite clear that Australia has an opportunity to allow its residents to build world class businesses offering online poker to the world, while enjoying the benefits of employment, investment and increasing training and skills in what is predominantly a computer based business. Australia is also missing out on additional monopoly rents for these services which could be properly diverted to welfare programs that support the odd Australian that succumbs to problem gambling through these services.

My Story

As a poker player and someone that likes to gamble from time to time, I note that I have never used an online casino, have never been tempted to use an online casino because of my poker playing and have been responsible around the impact that the money I invest is part of our family budget and must be money that is disposable and available and amounts I am willing to lose without causing undue suffering to my family.

The only time I have lost money that I would deem significant is in a licensed land based casino. I have never lost significant amounts online. I do not doubt that some people are not like me and cannot be responsible for their own actions and choices around gambling and gaming activities and these people should be provided clear pathways and support in relation to the problem they have, but not at the expense of the majority of people who undertake these activities responsibly. This

support for problem gamblers is better provided by advertising around the risks and providing easy to find counselling and support that restricting activities.

My Stance

Lastly, Australia sees itself as a modern country that provides relative freedoms to its residents. It is interesting that a person in a country like Russia, a country that we would proclaim generally restricts personal freedoms, can play online poker without fear of their government restricting these activities. We must protect our weakest links (problem gamblers and families of those problem gamblers), there is no doubt that this is our Governments policy and the stance of the majority of Australians. However we can do that through education, licensing, regulation, and better directed and funded support programs not removing personal freedoms from people that undertake those activities sensibly and responsibly.

Thank you for taking the time to consider my points and I would be happy to discuss these with you if necessary.

Yours Faithfully

W Barton
Poker Player