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Committee Secretary  
Joint Select Committee on Gambling Reform  
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Parliament House  
CANBERRA ACT 2600

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Dear Committee Secretary,

Please find detailed below the ALH Group response to two questions taken on notice at its appearance before the Joint Select Committee on Gambling Reforms public hearing held in Canberra on Monday 14 February 2011.

#### Question 1

*CHAIR—So what do you—and this is the first you have heard of this so you might want a moment to process it—make of Treasury advice—which became public I think last week as a result of a freedom of information request from persons unknown—that people will not necessarily migrate to other forms of gambling? That in fact is consistent with advice that members of the Productivity Commission have given to this committee, not during these hearings but beforehand, that the profile of a poker machine player is actually quite different from the profile of an online gambler. So it is not necessarily the case that one will move to the other. What do you make of Treasury's assessment and the Productivity Commission's view?*

#### ALH Response

ALH have reviewed the documents released on Monday 7<sup>th</sup> February 2011 under Freedom of Information that relate to the advice given to Ministers and the Federal Government's Expert Advisory Group on potential reforms to target problem gambling, including the impact on state and/or federal revenues.

ALH note that there is very limited reference to migration to internet gambling in the Executive Minute: Meeting with Gambling Industry Representatives advice;

Punters will stop coming to clubs and will go on-line to gamble:

There is no compelling evidence to support the view that people who play electronic gaming machines will migrate to online gambling." but the Executive minute does add that " - this will however be one of the issues that the independent study on revenue flows will examine."

With the migration issue, below are the quotes from the appearance of Alex Blaszczyński on Friday 4 February before the JSC – they are found at pp GR49-50 of the Sydney transcript:

Frydenberg: "Do you have a view on the migration of a gambler's habit were you to restrict their poker machine activity?"

Blaszczyński: "My view is that it would have a differential effect with probably females tending to reduce their levels of gambling and males switching over to sports and wagering bets" and further... at p 50 "the experience elsewhere is that when certain forms of gambling are reduced then they [gamblers] go to alternative forms. If you reduce the level of gambling too much then they go to illegal gambling".

ALH note that it is extremely easy to open an on-line betting account with offshore gambling providers and play EGM's online. Such EGMs may attract Australian players through their similar appearance to those offered in Australian venues, yet may offer higher intensity play and are not subject to the very strict regulation and harm minimisation requirements to which land-based venues must, and do, adhere.

Additionally on-line players may use credit to fund their play!

The experience in Norway, and evidence presented as supporting a contention that Norway has not experienced any movement to online gambling forms, must be understood as capturing only a short term view.

As the Committee may know, Norway began moves to ban internet gambling on sites provided by foreign operators as early as 2008. Legislation similar to that of the US Unlawful Internet Gaming Enforcement Act (UIGEA) passed into law in June of 2010. As such, knowledge of longer term impacts in Norway is hampered by understanding that a ban is in place and was discussed for some time prior to its enforcement – participation, and problems, with online gambling are likely to be under-reported.

Even so, evidence from Rolf Sims, Senior Advisor, Norwegian Ministry of Culture and Church Affairs, clearly points to the significant Norwegian concerns that remain regarding the level of problem internet play and access of help services by on-line gamblers – as mentioned in the ALH JSC submission.

A recent article in CasinoAdvisor.com from Monday 21 February, 2011 further highlights the ongoing concern of the Scandinavian governments about on-line gambling.

The article, by Joan Peppin, titled *Online Gambling Problems in Scandinavia* reports that:

*"Norway and Sweden are two Scandinavian countries with state owned online gambling monopolies. According to recent news items in the local press both countries are facing problems, though the nature of the problem is different in each case.*

*A survey carried out by Norsk Tipping, the state gambling monopoly of Norway, claims that 4% of Norwegians over the age of 18 gamble at the web sites of foreign operators. This is despite the fact that since July 2010 legislative moves are in place to block financial transactions with offshore gambling sites. The survey report has been forwarded to the Culture Minister Anniken Huitfeldt, who has gone on record stating that tougher measures will be brought in since the government is opposed to unregulated online gambling."*

The submission of the Australasian Gaming Council (AGC) to the 2009 Productivity Commission (PC) Inquiry into gambling and the Australian Hotels Association (AHA) submission to the JSC note that current Australian legislation does not provide adequate protections for Australian consumers accessing foreign internet sites.

Further, there is little currently available research and simply too little information with regard to online gambling participation, or the incidence and prevalence of those suffering problems with online gambling forms, in Australia.

This must leave open the question of what Australians may do (or indeed may already be doing) and the ALH believe it to be too early to dismiss the very real possibility of migration.

## **Question 2**

*CHAIR—The Tasmanian government's social and economic impact study into problem gambling in Tasmania—a benchmark report that was done a couple of years ago—found that employment in venues with poker machines fell after the introduction of poker machines; that, in fact, poker machines do not employ people and venues that rely less on poker machines employ more people. Help me link that finding by the Tasmanian government, who have been a strong supporter of poker machines—so they are no bleeding heart in this—with your concern about employment.*



## **ALH Response**

The Social and Economic Impact Study into Gambling was commissioned by the Tasmanian Department of Treasury and Finance in 2007. The study was undertaken by the South Australian Centre for Economic Studies (The Centre). The final report was released by the Tasmanian Treasurer in July 2008.

The authors noted that gaming machine gambling has a relatively low labour intensity. Whilst that may be the case many hotels would struggle to be profitable and indeed viable without the contribution of gaming revenue and the loss if hotel closure occurred would not just be employment but community amenity.

The study found that clubs and hotels with gambling facilities in Tasmania had an average of 23 employees per business compared to an average of 11 employees for those without gambling facilities.

ALH note that non gaming activities particularly food service (bistros' restaurants and cafes) are very labour intensive. The cost of wages as a ratio to revenue in our group in relation to food operations as an average is between 35% - 40%

ALH are concerned that the Social and Economic Impact Study into Gambling itself stated that it is difficult to obtain estimates of the total level of employment associated with the gambling industry from available sources.

ALH note that 188,000 people are employed directly by Australian hotels (AHA Productivity submission 2009)

ALH also note that the authors of the Social and Economic Impact Study into Gambling found that gambling facilities had a positive impact on economic activity.

ALH is aware that the Commonwealth recently contracted Access Economics to undertake an independent study examining the impacts of a reduction in gambling on revenue flows and individual spending behaviour. This research will include modelling of the impact of any measures on the broad economy including on employment, the gaming and related industries, and state and territory government tax revenues and will include analysis of regional impacts.

ALH reiterate that if gaming revenues are negatively impacted by regulatory change that it will cut staff numbers and hours along with capital expenditure and community contributions to reduce the impact on the hotels revenue.

Yours Sincerely,

**David Curry**  
General Manager  
Government and Corporate Relations