



1st August 2008

Mr Elton Humphery
Secretary
Community Affairs Committee
Australian Senate
Parliament House
CANBERRA ACT 2600

Dear Mr Humphery

Poker Machine Harm Minimisation Bill 2008

Tatts Group does not intend to make a lengthy submission. We believe the premise for Family First's introduction of the Bill is unfounded. Further, we do not believe that the various measures proposed in the Bill will have any long term effect on the prevalence rate of problem gambling.

Problems Gamblers Have Not Been Ignored

According to the opening line of Senator Fielding's second reading speech, the premise for Family First introducing this Bill is because '*Governments in Australia have ignored problem gamblers for too long*'. It is evident that the Senator has not been actively involved in the gaming industry.

While the gambling industry in general is one of the most regulated businesses in Australia, gaming (poker machines) is the most heavily regulated component of that industry. This is certainly the experience in Victoria. Importantly, the majority of these gaming regulations have been harm minimisation measures. In fact, there have been over forty measures mandated in Victoria since 1999 that have been introduced to protect against problem gambling.

New harm minimisation measures continue to be introduced on a regular basis. This seemingly non-stop introduction of regulations can be frustrating. It makes it very difficult to gauge the impact of each measure because almost as soon as one is introduced, another regulation 'comes down the pipeline'. They come with such rapidity, it is impossible to label the success or otherwise of any individual measure. In fact, more harm minimisation measures are being introduced at time of writing this submission.

In reality, '*the people that have been ignored for too long*' are the majority of people who gamble responsibly and remain in control of their leisure spend. The greatest impact of the seemingly endless procession of harm minimisation regulations is felt by this majority who are not in the approximate 2% category of problem gamblers. Their entertainment and enjoyment is constantly being eroded.

The gaming industry, community sector and Government have all contributed significant amounts of resources and time over a long period in the fight against problem gambling. This co-operative approach occurs on a continuous basis. In short, Senator Fielding is wrong when he says that problem gamblers have been ignored

Problem Gambling Prevalence Rates

The other premise of Family First's Bill is that the prevalence of problem gambling can be reduced by the introduction of certain measures. The proposed measures are largely an extension of the forty-plus regulatory measures mentioned above that have been introduced in recent years. While it is generally agreed by the industry and government that these measures have had an effect on the prevalence rate of problem gambling, there are sections of the community who disagree and maintain that the problem is worsening. Different sectors have different agendas.

Tatts' view is that the prevalence rate will almost always be sitting somewhere in the vicinity of 2%. This view is maintained irrespective of the regulatory regime or the prevailing forms of gambling. It doesn't mean it is acceptable or that we are complacent. We will always comply with regulations and do what we can to protect the well-being of our customers. It simply means that there will be a prevalence rate in the vicinity of 2% regardless of the regulatory environment or the form of gambling.

This view was re-enforced earlier this year when the subject of problem gambling prevalence rates was raised during a Victorian Legislative Council Select Committee hearing on gaming licensing. Tatts was asked:

'Does the problem gambling prevalence rate of around 2% hold in regard to jurisdictions that both have EGMs and do not have EGMs?'

In researching the question, it became evident there was a recurring theme of a prevalence rate of approximately 2%. The relevant section of our response is reproduced here.

While there is a vast amount of available material on the subject of gambling and associated harm, it is more difficult to locate information on problem gambling prevalence rates for jurisdictions that do not have gaming machines (EGMs). Having said that, I believe I have been able to source information that would support the generally held view that the rate of problem gambling is in the vicinity of 2%, irrespective of the prevailing popular forms of gambling or the level of access to EGMs.

USA

Kentucky

One of the States in the USA without EGMs (slot machines) is Kentucky. The only legalised forms of gambling (as at mid 2003) in that State are bingo, lotteries and pari-mutuel wagering on horse racing. In 2003, the Kentucky Legislative Research Commission conducted a gambling survey on the prevalence of problem gambling. It found that 2.1% of participants 'exhibited characteristics of either problem or compulsive gambling'.

California

The State of California operates all popular forms of gambling, including lotteries, card rooms, racetracks and slot machines.

However, access to slot machines is limited as they are only permitted in tribal casinos which are mainly located in rural areas of the State. In 2006, the Californian Office of Problem and Pathological Gambling conducted a comprehensive problem gambling prevalence survey and found 'the lifetime prevalence of problem gambling (in California) is 2.2%'.

Singapore

In research undertaken in 2005, the Ministry of Community Development, Youth and Sports announced that while around 58% of the Singapore population gambles, a 'minority of 2.1% reported symptoms suggesting probable pathological gambling'. The most common form of legalised gambling in Singapore revolves around lottery products - 4D, Toto and Singapore Sweep. Additional gambling options included private card games, horse and sports betting and slot machines. However, access to slot machines is limited as they are only permitted in private clubs. The report states the EGM participation rate is negligible (around 3%) as there are a total of only 2000 EGMs in Singapore.

Canada

The Canadian Partnership for Responsible Gambling (CPRG) is a collaboration of non-profit organisations, gaming providers, research centres and regulators. Comparisons with some relevance to the subject of this correspondence can be found in a report released by the CPRG in 2004. It is interesting to compare the prevalence rates of two Canadian provinces.

According to the report, access to EGMs (including VLTs) in Quebec is considerably easy with almost 14,000 EGMs in over 3000 bars and lounges. There are a further 6000+ accessible in casinos and race tracks, to a minor extent. According to Canada's National Problem Gambling Prevalence Survey, the estimated rate of 'moderate risk and problem gamblers' in Quebec is 2.0%.

In the same report, the Province of British Columbia is recorded as only permitting EGMs at casinos. That is, unlike Quebec, access is more limited as there are no EGMs in bars or lounges. However, the same National Problem Gambling Prevalence Survey estimates British Columbia's rate of 'moderate risk and problem gamblers' as 2.6%.

In summary, my response suggests that it appears that the prevalence rate of problem gambling in jurisdictions with legalised gambling that either do not have EGMs, have limited access to EGMs or offer wide area network access to EGMs (similar to Victoria) all report a rate of approximately 2%.

Summary

Gaming machines are a legitimate form of entertainment and the vast majority of people that play gaming machines do so responsibly and remain in control. They have been subject to a heavy and continuous burden of State Government regulation. We believe that the existing co-operative approach to problem gambling

between industry, community and their respective State Governments is appropriate and does not need to be further burdened by Federal intervention.

Please do not hesitate to contact me if any further information or clarification is required.

Yours sincerely



BRUCE HOUSTON
Executive General Manager
Government and Community Relations