



11th August 2008

Mr. Elton Humphrey
Committee Secretary
Community Affairs Committee
Parliament House
CANBERRA ACT 2600

Dear Mr. Humphrey

RE: POKER MACHINE HARM MINIMISATION BILL 2008

A. Introductory comments – the Australian casino industry

The Australasian Casino Association (ACA) appreciates the opportunity to provide a submission to the Senate Community Affairs Committee on the *Poker Machine Harm Minimization Bill 2008 (the Bill)*. The ACA represents Australia's 13 casinos at a government and community level. The ACA actively works with our members to ensure consistently high standards are maintained across the industry particularly with regard to responsible gambling policies.

To summarise its position, the ACA is fundamentally opposed to the Bill for the following reasons:

1. The one size fits all approach that this bill seeks to impose will not work under the present state and territory - based regulatory system that underpins the Australian casino industry.
2. The most appropriate regulatory control remains one that is state and territory based. This regulatory system has stood up well since the first legal casino was opened at Wrest Point in 1973.
3. The ACA strongly supports the use of evidence based research to guide regulatory behaviour with regard to the gambling industry. The Bill is not based on evidence based research.
4. Suggested measures as set out in part 2 of the Bill need to be the subject of a modelling study to assess their socio economic impact. This could be undertaken by the Committee, state and territory regulators or referred to the Productivity Commission as part of it Inquiry. At the very least State and Territory governments should be requested to evaluate the impact of these measures on their respective tax revenues.
5. Given the COAG announcement of 3rd July, it is more appropriate that the Productivity Commission be given the opportunity to undertake a review of the gambling industry and the regulatory system that oversees it. No new legislation should be proposed until the Productivity Commission has had the opportunity to conduct its review.

In making this brief submission the ACA wishes to make some general comments about the Bill and also some specific comments about Parts 2 and 3 of the Bill.

B. General comments

1. The ACA understands the good intentions which motivated the drafting of this Bill. The casino industry is committed to solutions that are proven to work. Social issues, such as problem gambling, are not best combated through reactive, blunt legislative instruments. The issue is far too complex and diverse to believe that one Act could manage an issue which stretches beyond jurisdictions, industries, and has a complex set of factors which influences the behaviour in the first place.
2. Putting arbitrary restrictions on gaming machines and restricting customers' access to their own money is not a sensible way to address problem gambling. There must be a multi-faceted response to the issue, and the ACA believes that the casino industry's efforts in continually refining the way it does business along with the programs and initiatives it offers are the most effective way to encourage responsible gambling.
3. The type of regulation envisaged under this Bill cannot be effectively dealt with by a one-size-fits-all approach. Casinos are regulated by specific legislation at the state and territory level. Casino operators pay a premium price for the licence to operate (often exclusively) in a particular market. A Commonwealth piece of legislation in this regard which applies to all of Australia is not sensible. To have a Commonwealth Act covering all casinos in every state would be impractical and could damage or confuse the clear policy positions and initiatives that state and territory governments have enacted in response to local issues.
4. With the current state and territory based regulation, differing circumstances, trading conditions and responsible gambling policies are all taken into account when determining policy and regulation. The preferred form of regulation stems from a clear, defined policy which incorporates a range of initiatives, such as educational programs, voluntary casino programs, voluntary self exclusion policies, counselling services and other initiatives developed jointly between the relevant state and territory government and the casino. By dealing with the issues that are specific to each casino property in this manner, the current approach has ensured high regulatory standards and an ever-evolving co-operation between state and territory governments and casinos to ensure best practice responsible gambling initiatives in Australian casinos which is specific to the environment and property in which the casino conducts business.

C. Specific comments

1. With reference to Part 2 and the many measures contained in this part of the Bill, the ACA makes the following points:
 - 1.1. Many of the measures that are contained in this part of the bill have already been considered by various state and territory regulators and have been rejected as not being effective in dealing with problem gambling behaviour. Moreover given the fact that these measures would be unique in a world setting, in that no other jurisdiction anywhere has sought to introduce them. It is the ACA's understanding that these measures would make all existing gaming machines in Australia illegal to operate. A serious analysis of the impact of these measures needs to be undertaken in advance and the ACA is not in a position to undertake such an analysis in the timeframe of this Inquiry.
 - 1.2. The ACA does believe that if the measures outlined in this part of the Bill were to be introduced there would be a major devastating impact on:
 - 1.2.1. State taxation – revenues would drop significantly;
 - 1.2.2. Tourism – international visitor numbers would be seriously affected;
 - 1.2.3. Employment – casinos would be forced to reduce employee numbers due to reduced revenues; and

1.2.4. Investment –casino operators would cease to invest in significant upgrades to their properties.

The ACA believes that the Committee should undertake a serious study of the impact of these measures or should invite state and territory regulators to provide data that would provide information on the economic impact of these measures if they were to be introduced. A modelling study needs to be undertaken before any decision was made with regard to Part 2. This could be undertaken by the Productivity Commission as part of its update of the 1999 Productivity Commission Report.

- 1.3. The ACA notes that following the announcement by COAG on 3rd July this year that the Productivity Commission will be undertaking an update of its 1999 report. Accordingly the opportunity presents itself for a full and proper review to be conducted of all measures that have been implemented by state and territory governments and by the casino industry to mitigate the instances of problem gambling in the community to ascertain their effectiveness and whether additional measures are required or prudent.
- 1.4. The ACA strongly supports the use of evidence based research to guide regulatory behaviour with regard to the gambling industry. Many of the issues that the bill seeks to address with regard to the functioning of electronic gaming machines are best addressed through an objective, evidence-based approach. There is research available that has addressed some of the measures outlined in the Bill and this research has demonstrated that these measures will have no meaningful impact on mitigating problem gambling behaviour.

2. The ACA in referring to Part 3 makes the following points:

- 2.1. When these restrictions are viewed in the light of the definitions in section 6, the ACA considers that the Bill is unclear and open to several interpretations with quite differing consequences. One interpretation would have the application of the restrictions in s20(1),(2), when read in conjunction with the definition, prohibiting ATMs in the whole casino premises, including restaurants, bars, hotels, sports facilities, cinemas etc. This would impose a great inconvenience on a casino's international guests, not to mention hotel guests who stay at our properties.
- 2.2. In this regard Part 3 of the Bill could have unintended consequences with regard to the amenity currently enjoyed by casino guests. For example, customers may be asked for a \$200 pre-authorised surety when they check into a casino hotel. This surety is taken by either credit card or cash. When a customer is not in possession of a credit card they are directed to an ATM where they can withdraw cash in order to check into the hotel or pay their bill upon check out. Check out will probably require a larger amount of cash than \$200.
- 2.3. We must not lose sight of the fact that all of our members' casinos have international standard hotels that attract tourists from all over the world or in the case of two have arrangements with hotels immediately adjacent to their properties. Most international visitors use ATMs to withdraw Australian currency from their bank accounts overseas.
- 2.4. All casinos have ATMs placed outside the licensed gaming footprint in secure and safe areas, in their facilities. In all jurisdictions the location of ATMs has been approved by the consent authority and/or casino regulator. Casino customers rely upon the availability of Automatic Teller Machines (ATMs) in order to purchase and enjoy a wide range of gaming and non-gaming entertainment. Our members' casinos, in turn, rely upon the availability of ATMs to provide a service to those customers who visit their many bars, restaurants, retail and entertainment outlets.

D. Conclusion

The Australian casino industry has focused on devising and implementing strategies to assist in mitigating problem gambling behaviour. Australian casinos promote responsible gambling practices that reflect the highest standards of probity and integrity, which the community expects. The ACA has established a Responsible Gambling Taskforce to address and promote responsible gambling issues. The Taskforce's membership consists of representatives of each casino who are responsible for the implementation of responsible gambling measures and managing the support given to customers in their respective properties who may be experiencing difficulties associated with their behaviours. The ACA has developed a position on responsible gambling that can be found as an attachment to this submission (Attachment 1).

Australian casinos are destination gaming and entertainment venues. In the main, the vast majority of visitors to a casino make a conscious decision to travel to the casino. However, for a significant number of people their visit does not necessarily include gambling, because casinos are multi-faceted entertainment complexes. In addition to gambling facilities, casinos offer a wide variety of dining experiences, theatrical productions and shows, retail stores as well as other forms of entertainment. Our casinos also provide over 3000 international standard hotel rooms. They also provide conventions and conference facilities that held over 3000 conferences and meetings in 2007 and attracted nearly 600,000 attendees. Australia's casinos welcomed 2.5 million international visitors in 2007.

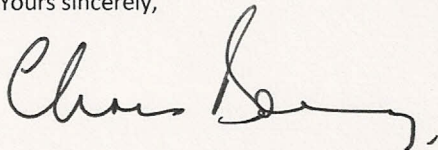
Casinos over the last 10 years have invested in initiatives dedicated to promoting responsible gambling programs in each property. Some initiatives which have been introduced are listed below:

- ⇒ All casinos have staff who promote responsible gambling practices.
- ⇒ Casino staff are trained in responsible gambling practices.
- ⇒ All casinos provide responsible gambling brochures and information on gambling for customers. This information contains contact details for counselling services as well as other information. Languages other than English are also used in these brochures – the number of languages depends on the size of the casino and their customer base.
- ⇒ All casinos have processes in place for self-exclusion from their properties by customers.
- ⇒ All casinos display the chances of winning – either on the gaming machine or through the use of brochures and other material.

The ACA therefore views this bill with concern in that it has not been framed taking into account the significant progress that has been made by the casino industry to mitigate instances of problem gambling within its properties. With the announcement by COAG of an update by the Productivity Commission the ACA believes that no new legislation or regulation for that matter should be proposed until the Productivity Commission has had an opportunity to conduct its review.

If you require clarification or further information please do not hesitate to contact me on 039377 1104 or by email to executivedirector@auscasinos.com.

Yours sincerely,



Chris Downy
Executive Director

ATTACHMENT 1: Responsible Gambling – a sensible approach

1. Responsible gambling occurs as a result of collective actions and shared ownership by individuals, communities, the gambling industry and Government. It occurs in a regulated environment where the potential for harm is minimized and people can make informed and educated decisions about their participation and the extent of their gambling activities. It involves the use of initiatives that contribute to improving the health and well being of people who may be adversely affected by their gambling behaviours.
2. The casino industry believes that the main objective of any regulatory framework should be to ensure that strategies are in place to:
 - ⇒ Minimise the incidence of problem gambling by aiming to prevent customers from developing problems with their gambling; and
 - ⇒ Reduce the prevalence of problem gambling by assisting people who may experience a problem associated with their gambling behaviour.
3. The following principles should form the basis of any regulatory framework:
 - ⇒ Consumers have freedom of choice regarding their gambling options;
 - ⇒ Consumers should have the opportunity to make informed and responsible choices prior to and during a gambling session;
 - ⇒ Problem gambling behaviours are not uniform and strategies to reduce incidence and prevalence must be based on an understanding of different pathways that lead to gambling problems;
 - ⇒ Intrusive measures should not be implemented unless guided by research that clearly supports the practice as a valid initiative to assist problem gamblers;
 - ⇒ Addressing problem gambling is the shared responsibility of individuals, industry, government, community groups, and treatment providers.
 - ⇒ It is critical that outcomes and progress in dealing with and overcoming problem gambling be guided by research and evaluation.