

Tasmanian Gaming Commission

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Productivity Commission

Via email

Dear Commissioners

Response by the Tasmanian Gaming Commission to the Productivity Commission Draft Report 'Gambling', October 2009

I write on behalf of the Tasmanian Gaming Commission in response to the above Draft Report. These comments should be seen as those of the Gaming Commission and not of the Tasmanian Government.

In broad terms, the Gaming Commission is supportive of the analysis and recommendations of the Draft Report. The Gaming Commission is pleased to note that the general thrust of the recommendations supports advice on harm minimisation given over recent time by the Gaming Commission to the Tasmanian Government through the Treasurer as Minister responsible for gaming. Some of this advice has formed the basis for recent changes in the Tasmanian gaming environment. Further changes will occur now the Tasmanian Parliament has approved amendments to the *Tasmanian Gaming Control Act 1993* giving the Gaming Commission necessary powers to implement additional harm minimisation measures.

Where no specific comment is made on a recommendation, the Productivity Commission may assume it has the support of the Gaming Commission. In many cases no comment is required as the recommendations are already in effect in Tasmania.

Before commenting on any particular recommendations, the Gaming Commission would like to take to this opportunity to emphasise the need for the Commonwealth Government to be an active player in any future reform agenda. The reason for our emphasis is pragmatic. Any reforms that require major changes to the production of gaming machines (EGMs) or EGM games need to be mandated at the national level rather than left to each jurisdiction to implement.

Tasmania has been limited in its capacity to enact some harm minimisation measures because no game producer is going to produce 'non standard features' for a jurisdiction with a capped number of 3 680 EGMs. This situation is the same for all smaller jurisdictions (except Western Australia), and is exacerbated when some larger jurisdictions have been less than enthusiastic about harm minimisation proposals.

This involvement would need to encompass not only matters such as bet limits and spin rates, but also the capacity of EGMs to deliver effective consumer information through standardised and comprehensible Player Information Devices.

There is also an argument for the introduction of a standard, nationwide 'smartcard' system on the grounds of cost reduction and portability of cards between jurisdictions. Arguably a standard method of funding the introduction of such a card, such as a temporary reduction in Return to Player rates, would also be fairer if approached as a national endeavour. As the Productivity Commission Draft Report suggests that such smartcard technology may not apply to EGMs in 'high roller' areas, it may well be wise to consider a national definition of such areas.

The Productivity Commission Draft Report recognises the need for a more potent research effort to be coordinated at a national level. In this the Gaming Commission would concur. It is of concern that a 'mature' industry lacks a basic information base that would allow policy making on an empirical basis. The Gaming Commission is concerned that we still have no answers to such basic questions as:

- how much do problem and at risk gamblers contribute to overall throughput and overall losses?;
- what level of change can be made to the operating parameters and operating environments of EGMs before the 'reasonable enjoyment' of the 'informed recreational gambler' is unreasonably decreased?; and
- how might we better educate EGM users on risks versus potential returns?

These questions aside, however, we also support the Draft Report's position that interventions to ameliorate known social harms cannot be deferred until the efficacy of such interventions is definitely proven.

Exclusion Schemes

By and large the Tasmanian Gaming Exclusion Scheme reflects the 'best practice' model described in the Productivity Commission Draft Report. The Gaming Commission does not agree that those seeking an early revocation must have sought counselling as well as confirmation from an appropriate professional that they are no longer at risk. In our opinion, it is the role of the appropriate professional to decide whether the changes in the individual are such that they are no longer at risk, and not to place pre-conditions upon that decision making that may or may not be essential to attitudinal change within an individual.

EGM Pre-commitment Technology

The Gaming Commission recognises the merit of the proposals within the Draft Report and would make the following comments:

- A biometric design feature would seem to be essential to avoid potential 'trading' of cards, or the emergence of a market for the sale of cards to problem gamblers.
- To allow occasional users and avoid the necessity for 'point of sale' issue of smartcards, there may be merit in allowing the continuation of a proportion of machines able to be operated without smartcard controls. Those machines could be 'low risk' by, for example, having very low bet limits, no note acceptors, reduced spin rates, reduced number of lines and no ante bet features. As an aside, such machines might be a practical means of assessing the tolerance of the recreational gambler to the limitation of 'features' on current games. A significant use of such machines may indicate a higher level of tolerance than currently argued by EGM manufacturers and service providers.
- Systems already exist that provide the controls discussed in the Draft Report. The cost of rollout has inhibited policy discussion and debate on practicalities of introduction.
- Firm national rules must be put in place around the capacity to opt out of any pre-commitment system. It could be argued that there should be no opt out but that a limited number of machines in a limited number of venues be defined as 'high roller' machines that do not require pre-commitment to play. Access to such machines would require, however, strict oversight by the operators - perhaps with legal requirements in place to ensure that they took all reasonable steps to ensure those given access had the capacity to play without significant risk to their well being.

Judicial Redress for Egregious Behaviour

The Gaming Commission has no experience of any such behaviour by a Tasmanian service provider. From our perspective, such a new statutory cause of action is not necessary.

Shut Down Periods

The Gaming Commission believes that an extension of the shut down period for machines could be a useful 'proxy' policy to use to bridge the period until smartcard technology is introduced. The Gaming Commission is aware of research that shows problem gamblers playing for extended periods, often until very late and often with extensive use of alcohol. Community groups have suggested that close downs between 2 a.m. and noon (perhaps with slightly extended hours during weekends) would have very limited impact on recreational gamblers and may well limit losses of

problem and at risk gamblers. The Gaming Commission also believes there may be merit in 'episodic' shutdown of machines to break gaming sessions.

Online Gaming

The Gaming Commission continues to have some concerns with online gaming, particularly its attraction to young men, but acknowledges that the current system offers few protections and is basically a failure. The Gaming Commission believes a very strong regulatory framework would need to be put in place to accompany any repeal of the *Interactive Gaming Act*.

Chapter 13 Recommendations

The Gaming Commission has no comment to make on these matters.

Regulatory Processes

The Gaming Commission is not 'fully independent' when assessed against the model proposed in Chapter 14 of the Draft Report. The Commissioners are statutory appointments, however, and there has never been an incidence of interference in their considerations or decision making that could be considered 'inappropriate'.

The Gaming Commission is supported by officers of the Department of Treasury and Finance and, to date, that support has largely been effective and professionally delivered. Those officers also have a wide knowledge of the technicalities of the various modes of gaming and various aspects of the industry which has proven very valuable to the Gaming Commission and which could not be replicated in an independently staffed regulator in a jurisdiction of this size.

The Gaming Commission acknowledges that such a support relationship has been perceived by some in the community as too close to the financial and economic agency of the State Government but believes that perception is in decline. The recent decision by the State Government to give the Human Services Minister a 'whole of government' role in gambling policy is supported by the Gaming Commission and should provide a useful tension in future policy discussion.

Given the efficacy of the current arrangements and the limited resources available within this jurisdiction, the Gaming Commission does not believe that the degree of financial and staffing independence described within the Draft Report is required. If the judicial system in every State and Territory (with the exception of SA) is able to deliver an acceptable standard of criminal and civil jurisprudence without such financial and staffing independence, it does not seem beyond the ability of gaming regulators to achieve a similar outcome.

The Gaming Commission would like to thank the Productivity Commission for this opportunity to comment on its Draft Report and to commend it for the quality of that Report. The Gaming Commission looks forward to the timely release of the Final Report and its consideration by all Australian jurisdictions.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Peter Hoult', written in a cursive style.

Peter Hoult
Chairman

14 December 2009