

RESPONSIBLE GAMING NETWORKS

SUBMISSION

TO

LEGISLATIVE COUNCIL

SELECT COMMITTEE ON GAMING LICENSING

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1: INTRODUCTION

This submission has three parts.

Firstly it focuses on the optimum Electronic Gaming Machine industry structure for the government and wider community. It explains how a single gaming operator can reduce problem gambling and simultaneously protect government revenues.

Secondly it discusses the need for consistent public policy protocols amongst decision and policy-makers in the lead up to final tenders for the Electronic Gaming Machine tender.

Finally it argues for a consistent nomenclature for all stakeholders and the media in their discussions and reporting of issues relevant to the gambling industry in the State of Victoria.

This submission concentrates on Committee's the terms of reference most relevant to controlling problem gambling in the poker machine industry and the industry structure that is most conducive to achieving this goal. These are terms of reference (c), (d), (e) and (g).

This submission is made in the name of Responsible Gaming Networks (RGN).

Responsible Gaming Networks is a consortium focused on identifying and eliminating problem gambling from both the terrestrial gaming industry and Internet gambling industry, utilizing state-of-the-art biometrics and digital network technologies.

It brings together some of the largest gambling and technology companies in the world using patented technologies owned by Australians.

Rather than simply provide a critical commentary on the situation, RGN has taken the extra step of designing solutions and matching technology that can assist Government and the community to control the harmful impacts of gambling losses.

RGN's approach has been to consider all aspects of the gambling continuum:

- The fact that gambling is here to stay;
- The need of government for revenue;
- The need to accept that Government has made various commitments and that policy making from here does not start with a blank sheet
- The need not to restrict non problem behaviors;
- The need to understand industry economics; and
- The need to provide a practical solution that is capable of being implemented within current technological limitations.

We wish to give evidence in a public hearing of the Committee.

PART 1: THE OPTIMUM MARKET STRUCTURE AND OPERATIONS FOR THE GAMING INDUSTRY

1: OVERVIEW

This submission delivers the optimum public policy outcome for the Government of Victoria from its current Review of Electronic Gaming Machine Licences.

The Parliament of Victoria should adopt an industry structure based upon a Single Operator Model. In RGN's view the Single Operator Model is superior because it can deliver greater accountability for public policy outcomes, in addition to increased revenue for the Government to invest in state infrastructure and services.

Central to the submission is the proposition that control of problem gambling and the market structure of the gaming industry are inextricably linked. For this reason a significant proportion of this submission concentrates on the role of problem gamblers in the economics of the gaming industry. Because the economic structure of the industry drives many of the adverse operator behaviors, the Committee is encouraged to ensure that its recommendations do not inadvertently contain incentives for operators to promote problem gambling in support of their commercial goals.

Specifically the submission outlines how using a Single Operator Industry Model the Government can deliver:

- The reduction of severe problem gambling from Victoria's poker machines with subsequent significant economic, social and community benefits of up to \$21 billion for the people of Victoria;
- Simultaneous protections of the Government's current revenues from poker machines so as not to place at risk the Government's financial resources; and
- Greater accountability on a single operator to achieve agreed public policy outcomes.

A Single Operator Industry Model leverages the unique and inherent strengths of the current operator network of poker machines that exists in Victoria, but does not require wholesale transformational changes to the current system.

The submission argues that this Committee of the Parliament of Victoria should recommend that:

- Solutions which eliminate problem gambling in a targeted way are given preferred status in the final tender process, as there are technologies available today that can eliminate problem gambling and its associated social problems;
- The model recommended or adopted in Victoria be rigorously tested for its economic consistency and that it not encourage operators to undermine the objectives in respect of problem gambling;
- Ownership controls be put in place that prevent a single company (or individual) from controlling multiple gambling licences in Victoria; and
- Preference is given to tenders capable of creating jobs in Victoria.

Whilst the economics of a single operator environment have been set out in this submission, only the Responsible Gaming Networks proposal is capable of delivering strong controls on problem gambling through the use of world-class technologies.

The Government of Victoria should use the upcoming tender process not just to define its preferred market structure, but also to specify the services and performance standards required to be achieved by an operator to control problem gambling.

2: THE GOVERNMENT'S CHALLENGE

The Government of Victoria clearly seeks a viable gaming industry with all its associated entertainment values, taxation opportunities and the benefits of employment creation.

In pursuit of these objectives the Government has unfortunately become burdened with the negative associations of increased levels of problem gambling caused by poker machines, and a responsibility to solve the problem.

As a result, the Government confronts the very difficult public policy balancing act of protecting the interests of all players whilst at the same time attempting to protect its own taxation revenue base. In addition it must regulate the industry to manage the risks associated with criminal involvement in gambling.

To date the Government has introduced a range of venue-based and machine-based controls to protect players from problem gambling.

The reality is that the latest research from the Government's own Gambling Research Panel concludes that "most electronic gaming machine players maintain there has not been any change in how much or how long they spend in a gambling venue" since the introduction of a range of venue-based and machine-based initiatives to reduce problem gambling.

The same Research Panel has found that the prevalence of problem gambling in Victoria is three times that of Western Australia, where there are no poker machines.

Similar research has also determined that 75% of Victorians believe poker machines do more harm than good, and 58% of Victorians know someone with a gambling problem. Clearly the level of community concern with problem gambling is increasing and will not abate.

3. THE CASE FOR A SINGLE OPERATOR MODEL

Overview

There is an industry structure, the Single Operator Industry Model, which allows the Government to simultaneously protect government revenues and protect players from problem gambling, whilst delivering an increased likelihood that the stated objectives of controlling problem gambling can actually be met.

Current Revenues

In 2004-05, \$2.4 billion was spent on gaming machines in Victorian licensed clubs and hotels, although in 2001-2002 \$2.8 billion was spent (in 2004 – 05 dollars). This 14% reduction in gaming machine revenue has primarily been attributed to the Government’s introduction of smoking bans in gaming venues in late 2002.

The Interchurch Gambling Taskforce through its then Chairman Reverend Tim Costello stated prior to this Government initiative that in its view, smoking and problem gambling were highly correlated and that a smoking ban would significantly reduce problem gambling.

Revenue Reduction Under Current Industry Structure Model

The Productivity Commission’s 1999 Report into *Australia’s Gambling Industries* stated that whilst 42.3% of gaming machine revenue comes from problem gamblers. It was the Commission’s considered opinion that public policy treatment initiatives should focus on the 33.7% of gaming machine revenues derived from “severe” problem gamblers⁽¹⁾. In its view, “moderate” problem gamblers did not require treatment, but warranted policy concern at this stage⁽²⁾.

If we assume that smoking and problem gambling are directly related, and that the 14% decline in gaming machine revenues in Victoria was primarily from problem gamblers, then the Victorian Government still has the task of introducing gaming policy initiatives to focus on the remaining 20% (i.e. 33.7% - 14% = 19.3%) of gaming machine revenues attributable to “severe” problem gamblers.

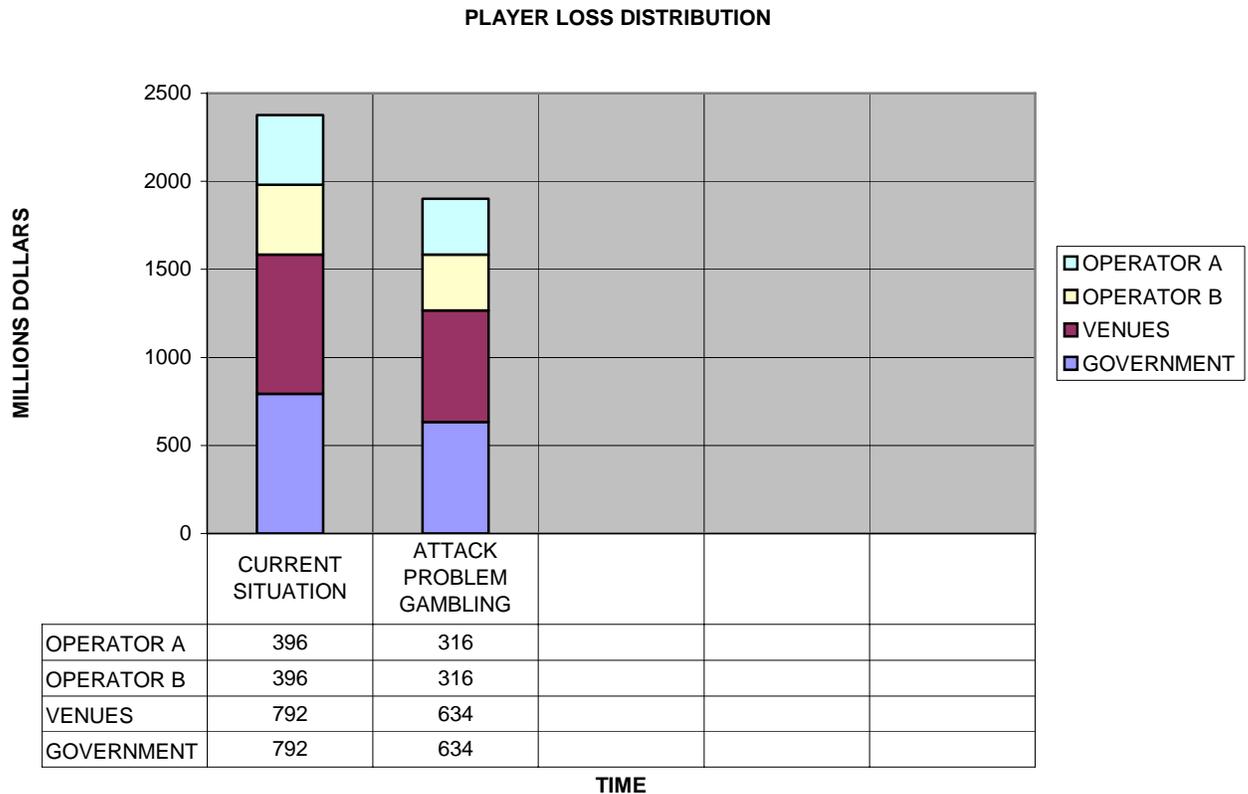
The Government of Victoria stated during the last state election that it has been able to halve problem gambling during its period in office. On the assumption that this is true, then it would agree that there is still a need to extract the remaining half of the 42.3% of gaming expenditure, that is the amount attributed to problem gamblers, as identified by the Productivity Commission i.e. 21.15% of total gaming expenditure.

However, as is widely accepted as possible, if the Government were to deliver a further 20% reduction in industry revenues through a concerted attack on problem gambling, the Government's current share of revenue from gaming machines, would reduce from \$792 million down to only \$634 million per annum.

This is illustrated overleaf, based on the assumptions that there is

- Total player expenditure of \$2.376 billion;
- The current market structure of two operators; and
- A return to player rate of 90.5%.

TABLE 1: UNDER CURRENT MARKET STRUCTURE



To compensate for this reduction in revenue the Government would need to recover at least \$158 million PA from taxpayers or businesses in the State or alternatively cut government services to the community by an equivalent amount.

This amount is greater than the amount specified by the Government as its promise to return a surplus of at least \$100 million annually and illustrates the dependency of the government on stability in the returns from gambling.

However, a more viable solution to this potential financial challenge is for the Government to be compensated by the gaming industry itself, through a specific industry re-structure whereby:

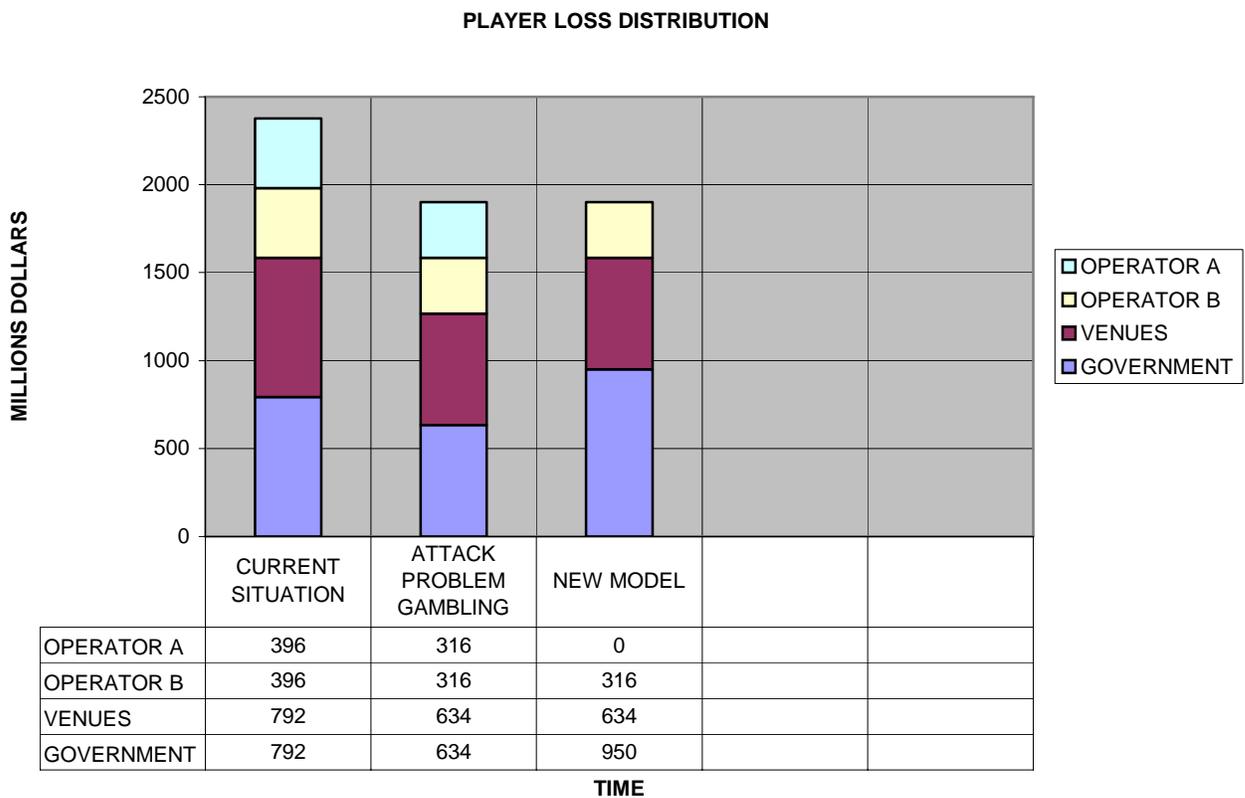
- Venues continued to receive their current share of player losses;
- One Operator controls the entire gaming network using uniform and integrated technology with a focus on eliminating problem gambling;

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- The Government takes the revenues previously attributed to the eliminated Operator, to compensate itself for revenues lost as a result of its concerted attack on problem gambling; and
- The single Operator continues to receive their current value of player losses.

Under this new Single Operator Industry Model the following scenario would occur:

TABLE 2: UNDER NEW MARKET STRUCTURE



Here the Government has protected its revenue base from the effect of aggressively tackling problem gambling. At the same time it has increased its current revenue base from \$792 million PA to \$950 million PA, i.e. by \$158 million PA, which is equivalent to an additional \$3.16 billion in taxation revenue over the life of a 20-year licence period.

In effect the Government has extracted an additional \$316 million PA of the monopoly rents inbuilt into the current industry structure, as previously

identified by the Victorian Department of Treasury and Finance's *Marsden Jacob Associates Review of 2001* to be \$393 to \$503 million PA⁽³⁾. The government's Health Benefit Levy also currently extracts \$83.4 million in "super profits" in a full year.

The remaining single operator will still have very healthy and extremely viable annual revenues and profits across the entire statewide network. This will achieve a strong return on equity and allow it to continue to re-invest in its gaming network.

The Case for a Single Operator

The case for a single operator has already been put very eloquently by both Tattersall's and TABCORP in their submissions to the Government's current Licence Review processes and recently placed on the public record.

TABCORP in its submission to the Lottery Licence Review stated:

"A single operator also allows governments and regulators to achieve greater efficiency in administration from economies of scale. For example, it is easier to administer strict rules relating to issues such as probity and integrity if there is only once central monitoring system."

More importantly they then added:

"Importantly, restricting the number of operators will also assist in ensuring that meaningful harm minimization measures are introduced. As discussed below, Tabcorp is firmly of the view that best practice for responsible gambling should extend to the lottery business. This will be easier to achieve and enforce if there is only one operator"

Tattersall's in its submission stated:

"Licensing a single operator is the most cost-efficient way of providing lottery products within a sub-national jurisdiction. In the absence of national-scale competition, maintaining licence exclusivity in Victoria is the best way of guaranteeing that revenues are maximized for the benefit of the Victorian community."

Tattersall's went on to say:

This approach can be comprehensively substantiated as follows:

- **Scale** – a single operator has the scale to drive operational efficiency.
- **Tax Optimization** – a single operator structure allows the Government to impose the maximum reasonable tax rate that the market can bear, consistent with the commercial sustainability of the operator.

Multiple operators would each need to create an administrative and operational infrastructure, and hence would need a lower level of Government taxation to ensure their viable operation. The Victorian community would in some manner pay for the level of industry duplication required in lost tax revenue.

- **Investment** – a single operator is able to optimize its investment in the industry. The existence of multiple licensees, the resulting fragmentation of the current market, and lower-than-average profitability would materially reduce the economic incentive for operators to invest in the industry. This, combined with the practical difficulty of protecting new games and innovations from replication, would also stifle the level of innovation and hence growth in the market.

This at first appears to run counter to the traditional arguments for competition, where the competitive dynamic is often considered to be a driver of innovation. However, the cost of introducing new products and distribution channels in a low margin regulated environment, all of which can be replicated by a competitor, provides little opportunity to invest in innovation when the gains are short lived.

Exclusivity of licence affords protection and reward for innovation particularly combined with a modified taxation structure to provide the financial incentive to continually seek growth.

- **Effective Distribution** – a single (lottery) operator can optimize a statewide lottery distribution network. Accessibility and appeal provided by the number and quality of traditional retail outlets, combined with the development of convenience and ‘e-channels’ are important factors in maximizing (lottery) sales.

- **Channel segmentation** -...single dedicated systems and private communications network infrastructure ensures that players, who wish to buy over the Internet, mobile phones, or via any other emerging technology, can do so securely and reliably. These “e-players” must be verified as Victorian residents over 18, must be registered, must open and deposit money in an account, and are presented with a number of responsible play facilities for their protection.
- **Brand Values** - a single operator can continually invest in its brand and brand values as a driver of revenue. An operator’s ability to continue investing in its brands naturally depends on the viability of its business. Diluting volume amongst multiple operators would reduce the return on investment from any single brand, and more importantly could impact player confidence to the detriment of overall sales.
- **Regulatory Cost** - a single operator optimizes regulatory cost efficiency. Regulation of a single licensee is far more efficient, less complicated and less costly to the taxpayer than the regime necessary to regulate multiple licensees offering multiple products, using multiple systems through multiple channels.
- **Ethical Delivery** - Awarding multiple licences risks negatively affecting ethical delivery (of lotteries) as fragmentation of volume will reduce scale benefits, and reduce the financial capacity of operators to maintain ethical delivery standards.

Moreover, the infrastructure costs for each licensee will increase the importance of gaining volume share. This will lower the willingness to constrain product delivery where it may be harmful – there may be a race for market share to “fill” excess distribution and back office capacity. This could also lead to a potential increase in regulatory costs for the Government to ensure standards are maintained.

- **Player Enjoyment** – (lottery) products provide a means for dreaming about the future in a way that creates hope and enjoyment through anticipation. To deliver this player experience effectively, the various (lottery) games must be clearly differentiated within an overall portfolio, designed to meet the needs and expectations of different player segments.

In addition, the games must be readily understandable and available in a consistent format throughout the state. An exclusive licence holder is able to provide this on a statewide basis, without the confusion that could be associated with multiple (lottery draws), brands, games, and marketing activities by multiple operators

In summary Tattersall's state on page 32 of its submission that a single licence...*optimizes efficiency, reinforces probity and integrity, ensures ethical and safe delivery of the products, effectively meets customer needs, and protects Victoria's interests.*

In a later section, on page 34 Tattersall's states that *Competitive licensing...will not stimulate growth. Indeed the introduction of a fragmented market, and the consequential imposition of a higher costs base through the duplication of infrastructure, works in direct opposition to market optimization.*

In their Section 4 "Summary – Structure for Multiple Licensing", Tattersall's states that:

- *The best interests of Victoria will...be served by...a single operator*
- *If multiple licensing is to occur, a shared infrastructure model, however difficult to regulate and manage, could reduce unnecessary cost duplication...*
- *The Victorian market is not large enough to support multiple operators who have to duplicate technical and operational infrastructure*
- *Multiple licensing will add to the regulatory cost and workload, and may lead to a reduction in probity and compliance standards.*

Both Tattersall's and TABCORP have therefore written the case for a single operator not only for lotteries but also for gaming.

A single operator also significantly increases the point of accountability for any transgressions, or negative social impacts of a particular form of gambling in the community. This should result in more responsible behaviors inherently being adopted by the relevant licensee.

In addition a wide range of stakeholders and their interests can be protected under a Single Operator Model:

Impact on Government and Regulators

The benefits of such a Single Operator Industry Model for the Government and Regulators include:

- Increased taxation revenues whilst simultaneously attacking problem gambling;
- Decreased social and economic costs in the community as problem gambling is controlled, if not eliminated, from poker machines;
- Greater accountability for actions from a single operator;
- Less administration overheads dealing with one central operator compared to two separate operators;
- Less transaction costs for the government and regulator dealing with a single operator;
- Greater ability to regulate and control one operator compared to two operators;
- Reduced overheads in having to authorize poker machine compatibility with one single operator compared to two entirely different poker machine systems;
- Faster installation of new machines across a single network to increase player enjoyment; and
- Greater levels of cooperation from a single provider;

Impact on Players

- Two out of every three Victorian adults do not play on poker machines and therefore will not be directly impacted by any new Industry Model;
- All players can now however be explicitly protected from gambling addiction and problem gambling in the gaming industry;

Impact on Rest of the Victorian Population

The rest of the population will not be directly impacted by RGN's proposed changes other than

- Their government having more funds to spend on government services;
- There being an almost immediate control of problem gambling from poker machines and therefore an overall 80% decline in total problem gambling across all forms of gambling; and

- A range of significant reductions in social and economic losses to the state of Victoria.

Impact on Current Licensed Operators (Tattersall's & TABCORP)

If either or both of the current incumbents do not receive the new Single Operator gaming licence, they will both remain financially protected by legislation that ensures they receive financial compensation at the termination of their current Gaming Licences.

In addition, Tattersall's and TABCORP would still be able to participate in the gaming industry as venue owners if their outlets satisfied any new venue licensing expansions (e.g. TAB outlets, lottery outlets in licensed premises) and could then install poker machines. This would entitle Tattersall's and TABCORP to still acquire 33.3% of player losses as venue owners rather than as gaming operators.

Depending on final government decisions, Tattersall's may also end up acquiring the Keno licence, or maintain it as a joint venture with TABCORP.

Impact on The Racing Industry

Currently the Victoria racing industry is a beneficiary of the wagering and gaming industry player losses, through dividend payments from TABCORP.

Naturally the Victorian Government does not wish to reduce the current levels of financial contribution to this valuable industry.

Under a Single Operator Gaming Industry Model it is feasible for the racing industry to transfer from a \$63 million PA dividend revenue stream from TABCORP's Gaming business, to a direct subsidy stream from the Government of Victoria. This becomes possible because the current payment of \$63 million PA is more than compensated by the immediate \$158 million increase in revenue to the Government from an industry re-structure.

This would be a decision for the Government, since it might prefer the Wagering Operator, rather than the Gaming Operator, to subsidize the racing industry in Victoria.

4. ALTERNATIVE GAMING INDUSTRY MODELS

1. THE TWO (OR THREE +) OPERATOR MODEL

The downsides of the current dual operator networks (or even more operators) are that such an industry structure:

- Effectively maintains the status quo and its inherent negatives of offering only very limited opportunities to impact on problem gambling;
- Has not proven to reduce problem gambling without the strong intervention of Government;
- Creates competition between operators to gain market share at the expense of all players and a likely increase in problem gambling;
- Maintains the public pressure for the Government to always do more to address problem gambling;
- Decreases revenue to Government by 20% if any aggressive attempts are made to significantly reduce problem gambling; and
- Significantly decreases the financial viability of each operator if you attempt to attack problem gambling, due to a 60% decline in their individual revenues from:
 - A 20% PA decline in problem gambler losses;
 - A 16.7% PA reduction in revenues to compensate the Government for its own projected losses in revenue from problem gamblers; and
 - A 20% PA loss in revenues to cover the costs of introducing player-based problem gambling technologies

2. THE NO OPERATOR (VENUE-BASED) MODEL

The problem with having no operators is the:

- Increased potential for organized crime involvement in the industry as coordinated and central real time monitoring of players and machines is removed;
- Close relationship between venue operators and players could result in potential manipulation and corruption by venue owners;
- Close relationship between the poker machine manufacturers and venue owners could lead to potential manipulation and corruption by the machine manufacturers;

- Increased difficulty to remove problem gambling in such a diverse and distributed system of 550 individual venues;
- Political pressure will still remain to eliminate problem gambling;
- Political pressures potentially increase due to alleged or identified organized crime involvement in the industry;
- Loss of jobs from the gaming divisions of the current two operators not being replaced by another operator;
- Current problems with no operator environments are already evident e.g. latest court proceedings of \$2 million fraud allegations in NZ ⁽⁴⁾; and
- Significantly increased regulatory costs in the management of such a widely dispersed network.

Under such a model the Government would create a very fractured industry model and fractured delivery model to consumers.

The Government would also lose all the probity benefits of an operator and all the efficiency benefits of an operator co-coordinating network delivery and uniformity across the state.

The regulatory and transaction costs for the Government would increase significantly as it is required to deal more extensively with over 550 different gaming venues across the whole State.

3. THE OVERLAY MODEL

If the Government mandated the use of a player-based problem gambling initiative but maintained the current multiple operator industry model, the economics of the situation would not suit the operators, or the Government.

Firstly from the Government's perspective it would be unable to protect its revenue without first acquiring 16.7% PA of each operator's revenues.

Then the individual revenues of each operator would be further reduced 20% PA due to a decline in player loss from problem gamblers.

In addition the operators would incur system installation and maintenance costs of the overlay model. This would increase their individual costs to a level equivalent to a revenue reduction of a further 20% PA.

Accordingly the revenues of each gaming operator are again:

- Reduced by 20% due to an attack on problem gambling;
- Reduced by a further 16.7% due to a transfer to the Government of net player revenues in order to protect taxation revenues; and
- Reduced by a further 20% due to the added infrastructure costs of RGN's system.

Collectively this again results in each gaming operator incurring almost a 60% reduction in revenues, and in profits, making them potentially unviable.

THE KIRBY REPORT'S COMMENTS ON INDUSTRY STRUCTURE

In 2005 Mr. Peter Kirby was commissioned by the Gaming Licence Review Team to undertake public consultations and receive submissions on potential options for the future structure of the Gaming Industry in Victoria.

In his October 2006 Report, Mr. Kirby stated: *“In terms of economies of scale, probity and uniformity of standards there was general support for the position that the operator system would seem to have advantages over the venue-based approach. However, the relative benefit of having two operators, compared with a single operator, is a matter that could be assessed, particularly if consideration was being given to continuing with the current restrictions on the share and placement of machines.”*

He went on *“Given the weight of opinion that measures to enhance responsible gaming would be expected to reduce overall gaming revenue, consideration of the revenues flowing to operators also bears on the model to be adopted that might best serve the requirements of the Government and the community. There could be benefits to state revenue with either one or two licensed operators, and with a venue-based model, if the current revenue-sharing arrangements were revised or replaced with a fixed fee-for-service approach.”* (Page 25 Kirby Report paragraphs 2 and 3).

5. THE CONTROL OF PROBLEM GAMBLING

Australians lose over \$15 billion PA in commercial gambling. This equates to almost \$800 per adult and represents 3 per cent of household disposable income. Gaming machines are the most popular form of gambling, comprising more than 50 per cent of total gambling expenditure.

In Victoria \$25,000 million is annually directed through the wide area gaming network of poker/slot machines, from which the players lose almost 10%, which represents almost one-third of all gaming machine player losses in Australia.

The gaming industry is now a significant industry in Australia, generating enormous wealth for hotel & club owners, machine manufacturers, central network operators, and significant taxation revenues for state governments.

The growth in gaming across the country in the 1990s has given rise to growing public concerns with problem gambling. This growing concern has led to a proliferation of highly vocal anti-gaming lobby groups applying pressure to all state governments to reduce their dependency on gambling, and in particular, gaming revenue, in order to minimize the negative social and economic impact on problem gamblers.

As the issue of problem gambling with poker machines intensifies, the Government of Victoria (like all other governments) has been applying various harm minimization regulations to poker machines (slower spin rates, maximum bet values etc) and to the gaming room environment (installation of clocks, warning signs, smoking bans etc). All such measures are aimed at reducing problem gambling.

To date none of the harm minimization initiatives has completely eliminated the incidence of problem gambling, therefore leaving society's concerns unsatisfied whilst continuing to threaten the government's taxation revenue.

Thus the government is caught between trying to help problem gamblers, and also not wishing to enact any changes that would negatively impact on their current gaming taxation revenues.

The Government of Victoria is however under continued pressure to address public concerns towards poker machine addicts from a range of pressure groups including the churches, social welfare lobby groups and opinion leaders in the community.

The Victorian government has responded to this growing political pressure by limiting the number of poker machines to 30,000 in Victoria (of which the Casino is allocated 2,500 and the remaining 27,500 are allocated equally amongst clubs and hotels).

Originally it was envisaged that a cap on gaming machines would be applied at a level of 45,000 machines in the early years and this control would be released in 2005. The government has sufficient political concerns with problem gambling that it is unlikely to allow the current cap of 27,500 machines to be removed in current circumstances.

It is well documented that 80% of problem gambling can be attributed to poker machines and that 94% of all poker machines in Australia are located in suburban hotels and clubs. Clearly problem gambling solutions need to focus on neighborhood venues “around the corner” rather than destination casinos.

The current operators, Tattersall’s and TABCORP, have shown very little concern for problem gamblers (and indeed have been exposed in the media for attempting to exploit problem gamblers), and are consequently key targets for a wide range of public pressure groups.

The gaming network operators have tended to lose favour with the venue owners who see them adding very little value. Accordingly there are strong pressures from a number of industry participants to abolish the role of the operators now that the industry has matured in Victoria, with a subsequent sharing of the player revenue takings amongst the remaining industry participants. These attitudes were clearly evident in written submissions to the Productivity Commission’s Report into Australia’s Gambling Industries a few years ago.

There has been very little growth in the industry over the last five years due to political pressures applied by the government to address problem gambling.

This submission proposes a unique wide-area gaming network solution that results in the elimination of severe problem gambling whilst at the same time delivering to the Government of Victoria increased consolidated revenue.

5.1 Problem Gambling – the disease

Of significant concern are recent overseas studies that confirm problem gambling can be caused as a side effect of taking prescription medicines, or related to genetic pre-dispositions (See Appendix A)

It is known that there are five times as many problem gamblers in Victoria as there are drink drivers. Police Minister Tim Holding reported on 31 January 2005 “one in 250 people tested positive for drink driving on our roads” which is an incidence rate of 0.4%. The Productivity Commission has reported the incidence of problem gambling to be 2% of the population, which is therefore five times that of drink driving.

An analysis of projected population growth for Victoria also confirms that if 20-year gaming licences are renewed in 2012, under similar conditions to today, then we should expect 2.1% of the adult population in 2032 will again be problem gamblers. Thus the total number of problem gamblers will increase 30% from its current level of 77,700 to a level of 100,800, as the adult population increases from 3.7 million to a maximum of 4.8 million over the same period.

Clearly problem gambling is a chronic disease i.e. “an illness that is on going or recurring (longer than three months) that is not caused by infection, but often caused by lifestyle or environment factors”. As such it deserves to be captured under the Victorian Government recent “Healthy Futures” commitment to focus on chronic diseases.

As the Premier of Victoria recently stated “We have a once-in-a-lifetime opportunity for the next generation to actually reduce the amount of chronic illness”⁽⁵⁾. A new third wave of national reform has been designed and led by Victoria to focus on health and well being issues for all Australians.

5.2 The Social and Economic Costs of Problem Gambling

In addition to direct budget benefits of additional taxation revenue, the associated elimination of poker machine problem gambling will also eliminate the vast majority of the social and economic costs of problem

gambling in the wider Victorian community. This is because 80% of problem gamblers can source their addiction to poker machines.

Some of the currently identified social and economic costs include:

- Emotional distress of immediate families;
- Breakup of relationships;
- Depression;
- Emotional distress of parents;
- Emotional cost of divorces;
- Thought of suicide & attempted suicides;
- Impact of attempted suicides on immediate families;
- Productivity loss at work & outside work;
- Job change earnings loss; and
- Bankruptcies etc.

These social and economic costs of problem gambling are estimated by the Productivity Commission to be a minimum of \$1,369 million PA, and up to a maximum of \$4,250 million PA, as a direct result of electronic gaming machines across the whole of Australia.

The elimination of poker machine problem gambling will thus reduce the social and economic costs to the Victorian community (taken as 25% of these national costs) by at least \$342 million PA (which is equivalent to \$6.84 billion over a 20-year licence period), and up to \$1,062 million PA (equivalent to \$21.24 billion over a 20-year Victorian license period).

5.3 Player Pre-Commitment Solutions

Researchers have discovered that 80 to 90 per cent of regular poker machine players experience loss of control over the amount of time and money they spend. Professor Mark Dickerson, who is eminent in this field of problem gambling in Australia, and many other researchers, argue that players should be required to make logical pre-commitment decisions prior to playing poker machines.

5.3.1 The Kirby Report – October 2006

A significant number of submissions to the Kirby Inquiry called for consumer protection through the establishment of a pre-commitment system to allow players to make rational purchasing decisions prior to interacting

with these machines. Submissions supporting a pre-commitment system were made by both Members of Parliament and local branch members from within the government, as well as Members of Parliament from alternative political parties in the State of Victoria.

Submissions supporting the introduction of a player pre-commitment system were also received from numerous local councils, the Local Government Working Group on Gambling, Gamblers' Help, The Inter-Church Gambling Task Force, individual church organizations, academics, community organizations and a range of individuals.

Gambler's Help independently reported in their submission to this Review that their own survey shows that 84 per cent of respondents in Victoria support a system that enables players to set spending limits before entering the gaming room.

Player limits are not new to gambling. They have existed in the United States since the introduction of a compulsory \$200 loss limit per cruise on gaming river boats in Iowa in 1991, and Missouri River Boats have had a compulsory \$500 loss limit per cruise since their inception in 1994.

In the end, Mr. Kirby ultimately reported in his October 2006 Report to the Gaming License Review Team:

“What has been notable in discussions of measures to enhance responsible gaming and reduce problem gambling has been the support for exploiting the capacity of the monitoring system (as it stands or with enhancements) to develop harm minimization measures. There has been considerable interest in identifying trigger points in player activity in order to interrupt play. This potential, when linked to a universal system for pre-committing expenditure, does seem to be exceptionally worthy of detailed study as it will possibly be more effective than a range of other proposals for enhancing responsible gaming.” (Page 27 paragraph 3)

5.3.2 Ministerial Council On Gambling Pre-Commitment Report:

In June 2006 following the close of submissions to the Kirby Inquiry, the joint Federal and State Ministerial Council on Gambling released a report, this one, titled *“An Analysis of Gambler Pre-Commitment Behavior”*.

This extensive 400-page report is an insight and analysis of the pre-commitment strategies adopted by gamblers across Australia. The Report confirms (Table 115) that 88 per cent of current Victorian recreational poker machine players believe that the introduction of a *voluntary* pre-set loss limit would have either no negative effect on their enjoyment of gambling, or could indeed make their gambling even more enjoyable.

In the same table, 77 per cent of current Victorian recreational poker machine players believe that the introduction of a *compulsory* pre-set loss limit would have either no negative effect on their enjoyment of gambling, or could indeed make their gambling even more enjoyable.

5.3.3 The Nova Scotia Pre-Commitment Pilot

Nova Scotia in Canada recently trailed a voluntary pre-commitment system for poker machines and in September 2005 reported that

- 80 per cent of players felt the system encouraged them to play more responsibly;
- 75 per cent of players believed it encouraged responsible play in others;
- Over 90 per cent of players said they would recommend the system to other players;
- 87 per cent of players supported a mandatory system for anyone playing machines.
- Over 90 per cent of players said they would acquire a mandatory card.

5.3.3 Pre-Commitment currently exists in Australian Gambling

Here in Australia, Betfair gamblers have player pre-commitment loss limits, which were introduced by the Government of Tasmania for use by gamblers across Australia, and all bets by individual players are monitored.

Crown Casino has a player pre-commitment program in Melbourne for their poker machine players, and all bets by individual participating players are monitored.

Thus the setting of player pre-commitment loss limits and the monitoring of players in a gambling context:

- Is not new

- Is supported by players across the world
- Is supported by Victorian poker machine players, and
- Is already mandated by governments across the world, including Australia.

5.4 Player Pre-Commitment Technologies

There are a number of technologies to help players and Governments eliminate problem gambling. They include the use of plastic cards, smartcards and biometric keys.

The difficulty with simple magnetic stripe plastic cards is that players, and in particular problem gamblers, can share their cards and PIN numbers without risk. In addition simple magnetic cards can be easily skimmed or copied. These types of cards are often used in gambling loyalty programs.

Crown Casino uses simple magnetic stripe plastic cards for their Crown Club loyalty program. In a recent Court case reported in the Age newspaper on February 14th this year, a Bendigo Bank supervisor charged with defrauding the Bendigo Bank of more than \$5 million, claims she was “seduced” by Crown Casino’s loyalty program and would visit the casino “two or three times a week, spending up to \$20,000 at a time on their \$1 poker machines”.

When you join Crown Casino’s loyalty system, you are given a free cash voucher to wager on their table games – a less than perfect means of encouraging responsible gambling behaviour.

Smartcards have very limited storage capacity (32 KB) and can also be shared amongst players and problem gamblers. An additional risk with smartcards is that they traditionally contain digital cash, which increases the risks of problem gambling since players lose a sense of reality of the actual money they are losing over time. This is why the Federal Government commissioned 2002 KPMG Report into Problem Gambling attributable to ATMs and EFTPOS machines, recommended smartcards must be avoided as a solution to problem gambling.

5.5 The Responsible Gaming Networks SAFETY NET System

Responsible Gaming Networks has designed and built the *SAFETY NET*TM system to overcome all of the preceding inadequacies, using the latest world-

class technologies. RGN's system identifies and eliminates problem gambling and under-age gambling from poker machine networks and Internet gambling networks.

The *SAFETY NET™* system has four primary components in a terrestrial environment:

1. Player Protection Key™
2. Player Pre-Commitment loss limits & gambling duration limits
3. Networked Player Interface Boxes & Poker Machines
4. Problem Gambling Counsellors

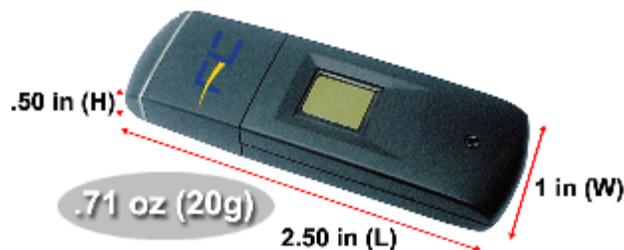
Player Protection Key™

A primary component of the *SAFETY NET®* system is the Player Protection Key™, which utilizes world-class technologies, and connects directly into every computer and poker machine network in the world.

All poker machines in the network are locked until a player inserts a valid Player Protection Key™ and confirms their biometric identity as being that of the original owner of the Key.

The Player Protection Key™ is a simple plug-and-play device that connects directly into devices without the need for a special reader, since it is built around the ubiquitous Universal Serial Bus (USB) standard. A Player Protection Key™ has an extensive lifespan of 10 years.

An example of a Player Protection Key™ from RGN's wide range is included below:



Each Player Protection Key™ has the in-built capability to recognize its owner so as to eliminate the possibility of player exchange of a Player Protection Key™ amongst problem gamblers. It does so using biometric fingerprint recognition hardware and software, rather than Personal

Identification Numbers (PIN), which can be shared and exchanged between problem gamblers.



The Player Protection Key™ does not require any batteries to operate and can store up to 8 Gigabytes (8,000,000 kb) of data in flash memory.

RGN's advanced model has its own on-board microprocessor to store, retrieve and analyze data. It carries its own digital certificates to authenticate the networks to which it is connected, and has an in-built encryption engine to scramble all of its on-board data. If anyone attempts to tamper with the Player Protection Key™ it locks itself and cannot be read. A backup copy of all gambling data on the Player Protection Key™ is stored in the Responsible Gaming Network mainframe.

Players will be given a Player Protection Key™ free of charge. To obtain a Player Protection Key™ they must produce personal identification (drivers licence or passport etc) at a gaming venue in order to establish "100 points" of identification. This is equivalent to the standards required by Australian banks to establish a bank account

Overseas and interstate visitors will be provided with a Player Protection Key™ which will operate across the whole of a State by paying a fully refundable deposit of \$20.

Player Pre-Commitment Loss and Duration Limits

Each Player is given the opportunity to register their own maximum gambling loss limits (for a day, week, month or year) and maximum durations of play in their Player Protection Key™. The Government regulator also has the capability of registering maximum gambling loss limits and durations of play standards for all players living or playing in its State.

If any loss or duration limits are exceeded (either the player's or the regulators) then the Player Protection Key™ will become in-operative and the

player will be unable to gamble on any poker machine in the network for a defined period of exclusion, or until authorized by qualified and government accredited problem gambling or financial counsellors.

Players can be regularly provided with reports on their gambling activities year to date and over regular periods, either on-demand (over the Internet) or via the mail.

Networked Player Interface Boxes and Poker Machines

The Player Protection Key™ will initially connect into Player Interface Boxes, which are networked and attached to every poker machine within a defined gaming machine network.

Over time, as the new global Gaming Standards Association standards for USB connectivity are built into all gaming machines, it will be possible to connect each Player Protection Key™ directly into every poker machine, thereby eliminating the need for Player Interface Boxes.

Problem Gambling & Financial Counsellors

Those players exhibiting potential problem gambling behaviors will be counselled by professional problem gambling & financial counsellors, and if warranted, restricted from playing on the wide-area network of centrally monitored machines through subsequent Player Protection Key™ de-activation and lockout.

Self-Exclusion

Responsible Gaming Networks will exclude players who have personally asked to be excluded from the gaming network due to their addiction to problem gambling, thereby overcoming the current failings of the industry's Self Exclusion Program.

Advantages over Plastic Cards and Smartcards

The use of biometrics with every Player Protection Key™ ensures that no black market is created for the use of other people's Keys or lost Keys, as could occur with problem gamblers desperate to play the poker machines using lesser forms of secure ID.

The Player Protection Key™ is already Internet-ready and compliant so that it can move seamlessly with the player as they move in and out of the physical

world of gaming machines and the digital world of Internet gambling, thus importantly ensuring that any industry decisions made by the current gambling License Reviews are not undermined by new channels of digital distribution.

The Player Protection Key™ does not require an additional card reader to be purchased for use on either a poker machine or the Internet as it is a simple plug and play device which uses the ubiquitous Universal Serial Bus or USB standard connection point available in all electronic machines or computers.

Another distinct advantage of the Player Protection Key™ is that it has the in-built memory capacity of up to 8 Gigabytes to store all gambling activities for players across all forms of gambling, such as the Internet (sports betting), electronic devices (TAB wagering outlets, lottery outlets) and interactive television etc, across all states of Australia.

6. CONTROLLING LICENCE OWNERSHIP

Each gambling company in Victoria should be encouraged to specialize in one of the four primary forms of gambling available in Victoria, and then to transfer this expertise in its gambling specialty across the country and across the globe:

1. Wagering Licence
2. Lotteries Licence
3. Gaming Licence
4. Casino Licence

Crown Casino's owners (PBL) are demonstrating this focus across the country in casinos, but began generating stakeholder anguish in their attempts to diversify into wagering through their joint venture with Betfair. TABCORP had an expertise in wagering but seems to have lost focus recently as it diversified into casinos. Tattersall's wants to expand nationally and internationally in Lotteries, but has recently moved into wagering through its recent merger with UniTAB merger, which has its wagering headquarters in Queensland.

A public policy incentive, which encouraged gambling specialization, will deliver better outcomes for Victoria. This is different to the currently evolving scenario, whereby TABCORP has relocated its casino headquarters to Queensland, and its Wagering headquarters to NSW (recently announcing the creation of 300 new jobs in Sydney) as it diversified and expanded.

Likewise neither of the gaming operators, currently TABCORP and Tattersall's, should be allowed to be licence holders of Casinos in Victoria such as Crown Casino.

Tattersall's, as a Lottery operator, should not be allowed to operate a Wagering and/or Gaming Licence and/or Casino licence in Victoria simultaneously with a Lotteries licence.

Tabcorp should not be able to operate a Lotteries, Gaming or Casino Licence in Victoria simultaneously with their Wagering Licence.

A casino operator such as PBL/Crown should not be able to operate a Gaming, Lottery or Wagering licence at the same time as holding a Casino licence in the State of Victoria.

Single focused licences significantly increase the point of accountability for any transgressions, or negative social or economic impacts of a particular form of gambling in the community. This should result in more responsible behaviors inherently being adopted by the relevant licensee, as they are unable to blame others for negative outcomes.

In addition single licences encourage gambling specialization within a State with all its associated economies of scale and scope, which can be delivered to the community of Victoria.

Single focussed licences also encourage innovation by the licensee in an attempt to maintain their edge in specialization.

7. BENEFITS OF A SINGLE OPERATOR MODEL

Based upon all of the preceding analysis the benefits of a Single Operator Model to key stakeholders in the industry can now be summarized:

Government of Victoria:

- Increased taxation revenues of \$3.16 billion whilst simultaneously attacking problem gambling;
- Decreased social and economic costs of up to \$21 billion in the community as problem gambling is completely eliminated from poker machines;
- Greater accountability for actions from a single operator;
- Less administration overheads dealing with one central operator compared to two separate operators;
- Less transaction costs for the government and regulator dealing with a single operator;
- Greater ability to regulate and control one operator compared to two or more operators;
- Reduced overheads in having to authorize poker machine compatibility with one single operator compared to two entirely different poker machine operating systems;
- Faster installation of new machines across a single network to increase player enjoyment; and
- Greater levels of cooperation from a single provider.

Players

- Two out of every three Victorian adults do not play on poker machines and therefore will not be directly impacted by any new Industry Model;
- All players now protected from gambling addiction and problem gambling from poker machines;
- Ability for players to pre-commit to their own financial limitations;
- Ability for players to genuinely self-exclude themselves from playing poker machines; and
- Ability for players to gain regular reports on their spend to date.

Rest of the Victorian Population

- Their government has more funds to spend on government services;
- There being an almost immediate abolition of problem gambling from poker machines and therefore an overall 80% decline in total problem gambling across all forms of gambling;
- A range of significant reductions in social and economic losses to the state of Victoria of up to \$21 billion; and
- Two out of three adults are non-players and not directly impacted by industry re-structure at the venue level.

Current Licensed Operators

- Financially compensated at end of licence period;
- Potential to continue participation in the industry as venue owners; and
- Potential to continue with Keno licences.

The Racing Industry

- Potential to transfer from a TABCORP dividend stream to a government subsidy.

Single Operator

- A single point of accountability for the gaming industry;
- A single unified machine and player monitoring system across the State;
- A consolidated database of machine and player activity;
- A common security layer for machine revenue protection and player protection;
- A common ID system for players across all venues and poker machines;
- An ability to conduct gaming at a uniform standard across all approved gaming venues, rather than at differential levels of standard across 2 or 3 operator networks or across 550 independent venues (with no operators);
- Acquire and supply approved gaming machines using economies of scale and scope;
- Elimination of severe poker machine problem gambling from the State of Victoria;
- No reductions in government revenues as problem gambling is addressed;
- An actual increase in government revenues in a declining player loss environment;

- Significant reductions in the social and economic costs of problem gambling of up to \$21 billion over a 20-year licence period;
- Viable ROE for a single operator to re-invest in its business, its network and the industry; and
- An ability to use its scale to establish new manufacturing capabilities in the State.

Finally we would like to make a few comments regarding the **Melbourne Casino** as a participant in the gambling industry. We acknowledge that neither this Select Committee nor the Government's current Gambling Licence Reviews cover the provision and operation of gaming machines in the Melbourne casino.

It is well documented that 80% of problem gambling can be attributed to poker machines and that 94% of all poker machines in Australia are located in suburban hotels and clubs whilst only 6% are located in casinos.

Clearly problem gambling solutions need to heavily focus on neighborhood hotel and club venues "around the corner" rather than on destination casinos such as Crown Casino.

If after a significant period of time it is noted that problem gamblers have been controlled if not entirely eliminated from the wide area gaming network, but that Crown Casino has been unable to solve the problem as effectively, then the Government might want to consider imposing a wider net for player-based problem gambling technology.

PART 2: PUBLIC POLICY PROTOCOLS

Responsible Gaming Networks would like to place on record the need for a consistent approach to public policy development in the gambling industry by all stakeholders.

Over the last 18 months we have received varying and inconsistent responses from approaches to Ministers, Members of Parliament and public officials.

A significant number of Members of Parliament and public officials appear confused by their eligibility or ineligibility to meet with members of the gambling industry. Some MPs and public officials meet willingly in order to increase their knowledge of the industry. Others believe it would be inappropriate to meet with representatives of the industry whilst an industry review is being undertaken.

It is exactly at the time of an industry review that elected representatives of the people and public officials should be availing themselves of every opportunity to understand future public policy options for an industry. Members of Parliament and their staff advisers and public officials should willingly meet with a range of representatives from industry employers, community groups and other interested parties. These discussions should be wide-ranging and not limited in any manner.

RGN believes some of the current confusion is being caused by stakeholders confusing the current status of a number of simultaneous and different gambling licence reviews in Victoria. The need for clarification of this matter will be discussed in the following section. We suggest that clarification will be an output from the use of a more consistent nomenclature in the industry.

RGN accepts that once the Government and Parliament have decided on a final structure for any segment of the gambling industry, and a formal tender is called, then all dialogue should be highly restricted for all external parties involved in that particular segment of the gambling industry. All interactions should be constantly monitored to ensure probity. However, it is at all stages prior to tendering that a more consistent approach is required.

RESPONSIBLE GAMING NETWORKS SUBMISSION TO
LEGISLATIVE COUNCIL SELECT COMMITTEE ON GAMING LICENSING

RGN encourages the Committee to recommend wide-ranging public sector and private sector participation in any public policy reviews and discussions for all segments of the gambling industry before any specific tenders are issued.

PART 3: CONSISTENT NOMENCLATURE

There is significant confusion in the use by stakeholders and participants of terms for the key licence components of the gambling industry in Victoria.

From RGN's perspective it is important to encourage a consistent approach to nomenclature. This will avoid stakeholders and participants in the policy debate, such as the media, causing unwarranted confusion both within the industry and more importantly amongst the general public.

For instance the accepted standard nomenclature is:

- We have a GAMBLING INDUSTRY in Victoria.
- This industry has a number of LICENCED OPERATORS
- There is a LOTTERY LICENCE operated by Tattersall's
- There is a WAGERING LICENCE operated by Tabcorp
- There is a CASINO LICENCE operated by PBL
- There are two GAMING LICENCES for electronic gaming machines operated by Tattersall's and Tabcorp
- There are two KENO LICENCES operated by Tattersall's and Tabcorp

Most confusion is caused by the often-varied use of the term 'gaming'. The media will often refer to the current lottery licence as the 'gaming licence'. As a result of the lottery licence currently being in a rigorous tender process, many stakeholders incorrectly believe the 'gaming licence' is currently being tendered and it would be inappropriate to talk to parties from the 'gaming' industry.

Even this Select Committee has helped perpetuate this confusion. We submit that since this Select Committee is considering aspects of both the lottery licence and the gaming licences, it would have been more helpful to refer to this Committee as the *Select Committee on Gambling Licensing* in preference to the *Select Committee on Gaming Licensing*.

This confusion is further perpetuated in the Committee's terms of reference where the final reference (g) refers to 'any other associated matters dealing with gaming licensing issues'. Perhaps it would have been better to refer to 'any associated matters dealing with the lottery and gaming licensing issues'. It might have been even better to refer to 'any associated matters dealing with gambling licensing issues' if the Committee wishes to have feedback on the wagering licensing process concurrently being reviewed by the Government of Victoria.

We therefore encourage the Committee to recommend to all stakeholders, including the media that they use a consistent nomenclature in referring to this industry. This will hopefully encourage stakeholders to be better informed as to the progress and probity requirements of the three different gambling licences currently being reviewed as each one moves through the varying stages of industry review and final tendering by the Government of Victoria.

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APPENDIX A:

MEDICAL RESEARCH FINDINGS

Doctors at the Mayo clinic in Rochester, Minnesota in July 2005 reported that patients who had taken dopamine drugs (a standard prescription for Parkinson's disease patients) had become pathological gamblers, with losses of up to USD\$200,000 in six months.

A link between such drugs and gambling has been suggested before the latest findings published in the journal Archives of Neurology.

Dopamine is a compound that transmits nerve impulses. The medication seems to unbalance those parts of the brain, which control emotions and one's internal "reward system".

The concern now is that problem gambling is no longer a learned behavior. It may now be accidentally induced by drug prescription for a growing aged population suffering associated medical complaints such as Parkinson's disease. These drugs may therefore already be inadvertently increasing the involuntary incidence of problem gambling amongst Victorians.

Also of concern are recent findings that have discovered problem gambling is related to genetics. A recently reported study from the University of Iowa's Carver College of Medicine says they have discovered problem gambling runs in families.

The two-year study began in 2002 and was reported in March this year. It was based on detailed family interviews of people with pathological gambling problems and their families.

The head of the study Dr. Donald Buck, Psychiatry Professor at the Iowa Medical School, says the study has also found that families with pathological gamblers also have a higher incidence of drug disorders, alcoholism and antisocial personality disorders.

In Queensland the Queensland Institute of Medical research in a study of twins and reward pathways have shown that genetics accounts for 70% of compulsive behaviors such as smoking. They have identified the A1 gene as delivering a supercharged chance of addiction.

Again these findings confirm that problem gambling may not be a voluntarily induced behavior. It is appearing more likely that people can be genetically pre-disposed to its onset.

Nova Scotia studies show that over a 20-month period, 10 of 159 confirmed suicides were linked to gambling addiction. This information was provided by the Chief Medical Examiner's office, which recently adopted a new interrogation system requiring investigators to ask relatives of every suicide victim whether gambling played a role in the death.

A recent study of problem gamblers here in Victoria was unable to be completed for a number of participants due to their premature suicide.

The Rhode Island Treatment program has demonstrated that it takes only 1.3 years to turn into a problem gambler using video lottery terminals or poker machines, compared to 5.1 years for horses or dogs betting and 6.3 years for sports betting.

Statistics from New Zealand show that only one in ten problem gamblers are seeking help, according to Gambling Helpline chief executive, Ms. Krista Ferguson on January 24th 2006. Her figures also confirmed that electronic gaming machines continue to remain the single biggest issue for problem gamblers with 87% of Helpline callers reporting poker machines as their primary mode of gambling.

Studies in the USA also show that the lifetime rate of problem gambling is also estimated to be closer to 10% rather than 2%.

APPENDIX B:

RESPONSIBLE GAMING NETWORKS

Responsible Gaming Networks is focused on identifying and eliminating problem gambling from the gaming industry (i.e. poker/slot machine industry), utilizing state-of-the-art biometrics and digital network technologies.

It brings together some of the largest gambling and technology companies in the world using patented technologies owned by Australians.

The Responsible Gaming Networks technology solution can be deployed to domestic and international geographies where governments are under pressure to provide public policy solutions to rising public concerns on the social and economic costs of problem gambling.

Responsible Gaming Networks' solution can also be applied to on-line gaming applications as it guarantees the age and identity of players for gaming service providers, responsible governments and financial institutions providing digital funds to gamblers. Simultaneously it also ensures no players are converted into problem gamblers.

The Chief Executive Officer of Responsible Gaming Networks is Mr. Phillip Ryan who is a former Executive General Manager of Corporate Affairs at Tattersall's. At Tattersall's Mr. Ryan was a member of the Executive Management Team and responsible for Government Affairs, Media Relations, Issues Management, Employee Communications and Corporate Image for the company.

APPENDIX C:

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