

Mr. Gary Banks  
Chairman  
Productivity Commission  
Locked Bag 2, Collins St. East  
Melbourne, VIC 8003 Australia

18 December 2009

Dear Mr Banks,

I am pleased to submit the Australasian Gaming Council (AGC) submission in response to the Productivity Commission (PC) Draft Report on Gambling.

Accompanying the AGC response is an Economic Analysis of the PC Draft Report by KPMG Econtech.

The AGC and the PC have the shared goal of promoting the enjoyment and well being of Australians while minimising any harm to vulnerable people from gambling products.

The AGC agrees with the following general comments by KPMG Econtech and further supports very strongly the KPMG Econtech statement that further work must be undertaken by the PC in order to present COAG with a complete report which complies with the *Productivity Commission Act 1998* and COAG protocols.

The AGC requests that the PC seeks an extension of time to carry out the necessary cost-benefit analysis and economy wide modelling of the PC Draft Recommendations and hence complete the final report in a timely and professional manner.

KPMG Econtech states that:

- Some of the recommendations advanced in the 2009 PC Draft Report tackle the symptoms or effects of problem gambling rather than target its causes.
- Quantitative analysis and modelling of the impacts of the recommendations is necessary. The quantitative analysis and modelling should address:
  1. the increase in costs that the gaming industry would incur to implement the recommendations and ensure ongoing compliance with new requirements;
  2. the fall in revenues that the gaming industry would bear as a result of reduced customer patronage of gaming venues;
  3. the direct financial impacts for governments that would be associated with a reduction in gaming industry revenues and the implications for government budgets;
  4. the indirect economic impacts associated with a reduction in gaming industry revenues in terms of reduced employment, investment and economic activity; and
  5. the indirect social impacts that would be associated with a reduction in gaming industry revenues in terms of reduced investment in local community, sporting and recreational initiatives that gaming industry revenues help to underpin.

- In keeping with the *Productivity Commission Act 1998*, KPMG Econtech would expect the report to contain cost-benefit analysis, supported by economy-wide modelling. Moreover, given the emphasis on Electronic Gaming Machines (EGMs), the modelling tools to be used need to feature sufficiently detailed product definition to capture the impact of policy changes to EGMs and other specific products within the gambling industry.

The AGC submission makes the following points:

- The PC did not respond fully to the Council of Australian Governments (COAG) Terms of Reference. Particularly, an assessment of the contribution of gambling revenue to community development activity and the Australian economy generally is lacking and is required to be done.
- Some measures recommended by the PC do not adequately recognise the needs or enjoyment of both low spending and high spending recreational gamblers. Further, some recommendations may result in costly changes which fail to adequately protect problem gamblers and produce perverse outcomes for all gamblers.
- The impact of existing harm minimisation measures and the efficacy of those measures currently on trial or planned for implementation have not been comprehensively analysed before the proposal of further regulation.

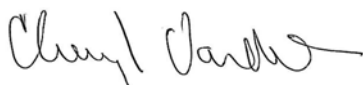
In short, the AGC considers that some of the recommendations made within the Draft Report may have far reaching negative consequences for state government revenues, community activity, industry viability, employment, capital investment, tourism and individuals.

Thorough modelling of the impact (direct and indirect) as well as the implementation and compliance costs of Draft Report recommendations needs to be undertaken in order to develop a policy blueprint for certainty and sustainability for Australia's gambling industries. This work would need to include assessing the impact of PC recommendations on employment in the industry in consultation with the Liquor, Hospitality and Miscellaneous Union (LHMU)

We need also to recognise that those who work in or visit hotels, clubs and casinos in Australia are not simply statistics or survey results.

The industry provides employment which allows many Australians to live with dignity and provide for their families. Industry patrons are the thousands of Australians who as part of their daily lives seek the enjoyment and cheer of the variety of offerings which venues provide. A small group will have issues in their lives which demand the respect of carefully tested and sensitive interventions and support when gambling becomes a problem.

Sincerely,



**Cheryl Vardon**  
**Chief Executive Officer**  
**Australasian Gaming Council**