

The Senate

---

Standing Committee on  
Community Affairs

---

Poker Machine Harm Reduction Tax  
(Administration) Bill 2008

Poker Machine Harm Minimisation  
Bill 2008

ATMs and Cash Facilities in Licensed  
Venues Bill 2008

November 2008

© Commonwealth of Australia 2008

ISBN 978-1-74229-004-1

Senate Community Affairs Committee Secretariat:

Mr Elton Humphery (Secretary)

Ms Lisa Fenn (Acting Secretary)

Mr Owen Griffiths (Senior Research Officer)

Ms Leonie Peake (Research Officer)

Ms Ingrid Zappe (Executive Assistant)

The Senate  
Parliament House  
Canberra ACT 2600

Phone: 02 6277 3515

Fax: 02 6277 5829

E-mail: [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

Internet: [http://www.aph.gov.au/senate\\_ca](http://www.aph.gov.au/senate_ca)

This document was produced by the Senate Community Affairs Committee Secretariat and printed by the Senate Printing Unit, Parliament House, Canberra.

# MEMBERSHIP OF THE COMMITTEE

## 42<sup>nd</sup> Parliament

### Members

Senator Claire Moore, Chair	ALP, Queensland
Senator Rachel Siewert, Deputy Chair	AG, Western Australia
Senator Judith Adams	LP, Western Australia
Senator Catryna Bilyk	ALP, Tasmania
Senator Carol Brown	ALP, Tasmania
Senator Sue Boyce	LP, Queensland
Senator Mark Furner	ALP, Queensland
Senator Gary Humphries	LP, Australian Capital Territory

### Participating Members

Senator Steve Fielding	FFP, Victoria
Senator Nick Xenophon	IND, South Australia



## TABLE OF CONTENTS

MEMBERSHIP OF THE COMMITTEE.....	<i>iii</i>
POKER MACHINE HARM REDUCTION TAX (ADMINISTRATION) BILL 2008 .....	1
POKER MACHINE HARM MINIMISATION BILL 2008 .....	1
ATMS AND CASH FACILITIES IN LICENSED VENUES BILL 2008.....	1
THE INQUIRY .....	1
THE BILLS .....	2
Poker Machine Harm Reduction Tax (Administration) Bill 2008.....	2
Poker Machine Harm Minimisation Bill 2008 .....	2
ATMs and Cash Facilities in Licensed Venues Bill 2008.....	3
BACKGROUND.....	4
GENERAL ISSUES .....	5
Problem gambling and poker machines .....	5
Research on problem gambling .....	6
Costs vs. benefits .....	8
Federal intervention.....	11
SPECIFIC ISSUES.....	11
The Poker Machine Harm Reduction Tax (Administration) Bill 2008.....	11
The Poker Machine Harm Minimisation Bill 2008.....	15
The ATMs and Cash Facilities Bill 2008.....	20
CONCLUSION .....	23
ADDITIONAL COMMENTS BY COALITION SENATORS .....	25
MINORITY REPORT - SENATOR NICK XENOPHON AND THE AUSTRALIAN GREENS .....	27
FAMILY FIRST - DISSENTING REPORT .....	47
APPENDIX 1 - Submissions received by the Committee.....	59
APPENDIX 2 - Public hearings.....	65



## **POKER MACHINE HARM REDUCTION TAX (ADMINISTRATION) BILL 2008**

## **POKER MACHINE HARM MINIMISATION BILL 2008**

## **ATMs AND CASH FACILITIES IN LICENSED VENUES BILL 2008**

### **THE INQUIRY**

1.1 The Poker Machine Harm Reduction Tax (Administration) Bill 2008 (the HRT Bill) was introduced into the Senate on 14 February 2008 by Senator Fielding. On 12 March 2008 the Senate, on the recommendation of the Selection of Bills Committee, referred the Bill to the Community Affairs Committee (the Committee) for inquiry and report by 12 August 2008.

1.2 The Poker Machine Harm Minimisation Bill 2008 (the HM Bill) was introduced into the Senate on 19 June 2008 by Senator Fielding. On 25 June 2008 the Senate, on the recommendation of the Selection of Bills Committee, referred the Bill to the Committee for inquiry and report by 10 November 2008.

1.3 The ATMs and Cash Facilities in Licensed Venues Bill 2008 (the ATM Bill) was introduced into the Senate on 4 September 2008 by Senator Xenophon. On 4 September 2008 the Senate, on the recommendation of the Selection of Bills Committee, referred the Bill to the Committee for inquiry and report by 10 November 2008.

1.4 The Committee subsequently agreed that due to the overlapping subject matter of the three Bills, they would be combined into a single inquiry with a reporting date of 10 November 2008.

1.5 The Committee received 75 submissions overall relating to the three Bills and these are listed at Appendix 1. The Committee considered the Bills at public hearings in Melbourne on 11 September 2008, Sydney on 12 September 2008 and Canberra on 25 September 2008 and 16 October 2008. The Committee also conducted a site visit to the offices of IGT Australia at Rosebery in Sydney on 12 September 2008. Details of the public hearings are referred to in Appendix 2. The submissions and Hansard transcript of evidence may be accessed through the Committee's website at [http://www.aph.gov.au/senate\\_ca](http://www.aph.gov.au/senate_ca).

## **THE BILLS**

### **Poker Machine Harm Reduction Tax (Administration) Bill 2008**

1.6 The purpose of the HRT Bill is to provide for the administration of a poker machine harm reduction tax on gross revenue derived from poker machines payable by licensed operators. The Bill also establishes the Poker Machine Harm Reduction Transition Fund, to provide funding to help local community and sporting groups and for research and community education for the prevention of compulsive gambling, and counselling, treatment and rehabilitation of compulsive gamblers.

1.7 The Bill is intended to administer a future Poker Machine Harm Reduction Act 2008 which would impose a gradually increasing tax rate on the revenues which licensed operators obtain from poker machines. Under the Bill the funds generated from this tax must be credited to the Poker Machine Harm Reduction Transition Fund. The purpose of the Fund is to make grants to: (a) provide funding to local community and sporting groups to continue community activities, in cases where such groups no longer receive funding from licensed operators of poker machines; (b) support evidence-based compulsive gambling treatment, rehabilitation, research and prevention programs; and (c) promote community education encouraging responsible gambling practices and highlighting the risks of compulsive gambling.

1.8 The Bill also establishes a Supervisory Board for the Fund consisting of a chair and six members. A person is not eligible to be appointed to the Supervisory Board unless they have: substantial experience or expertise; and professional credibility and standing in respect of local community and sporting groups or in the provision of compulsive gambling treatment and support services and programs.

### **Poker Machine Harm Minimisation Bill 2008**

1.9 The purpose of the HM Bill is to provide for the manufacture of gaming machines and poker machines and the installation of automatic teller machines and cash-back terminals that do not encourage problem and compulsive gambling.

1.10 In relation to gaming machines and poker machines the Bill provides that a corporation must not manufacture, sell, or offer for sale or supply:

- a gaming machine or poker machine which accepts banknotes with a denomination greater than \$20;
- a gaming machine or poker machine which allows a player, by means of entering banknotes to have more than \$100 accumulated credit;
- a gaming machine or poker machine which allows a player, by means of entering a gaming machine ticket, to have more than \$100 of accumulated credit;
- a gaming machine or poker machine which has more than one payline;



- 
- a gaming machine or poker machine which enables a maximum bet greater than \$1;
  - a smart card gaming machine or a smart card poker machine which enables a maximum bet greater than \$5 per spin;
  - a gaming machine or poker machine that has a jackpot or a linked-jackpot arrangement greater than \$1000;
  - a smart card gaming machine or a smart card poker machine that has a jackpot or linked-jackpot arrangement greater than \$2000;
  - a gaming machine or poker machine that provides for free spins or free games to be triggered during a game; or
  - a gaming machine or poker machine that has a spin rate of less than 5 seconds.

1.11 In relation to technical requirements for cash facilities in licensed venues the Bill provides that a bank, credit union or other financial institution must not operate (or allow to be operated on their behalf) a cash facility that allows a cardholder to obtain, in any one transaction, or in total transactions on any one day, on any one debit card or credit card an amount of cash greater than \$100.

1.12 The Bill also provides that a corporation must not manufacture, sell, offer or expose for sale or supply a cash-back terminal that allows a player, by means of entering a gaming machine ticket into the cash-back terminal, to redeem more than \$100 in a single transaction.

### **ATMs and Cash Facilities in Licensed Venues Bill 2008**

1.13 The purpose of the ATM Bill is to limit and reduce the installation of automatic teller machines and cash facilities in licensed venues.

1.14 In summary, the Bill restricts financial institutions, corporations and persons from installing, owning or operating (or allowing to be installed, owned or operated on their behalf) an automatic teller machine or other cash facility at a licensed venue that allows a cardholder to obtain an amount of cash. EFTPOS, credit card terminal or other cash facilities are allowed at licensed venues provided they do not allow cash withdrawals. Where there are no other cash facilities within a five kilometre radius of a licensed venue, the Minister may exempt (conditionally or unconditionally) a financial institution, corporation or person from this restriction.

## BACKGROUND

1.15 On 26 August 1998 the then Commonwealth Treasurer, the Hon Peter Costello MP referred an inquiry into Australia's gambling industries to the Productivity Commission for report within twelve months. The Productivity Commission was asked to report on:

- the economic impacts of the gambling industries, including interrelationships with other industries such as tourism, leisure, other entertainment and retailing; and
- the social impacts of gambling industries, including the incidence of gambling abuse, the cost and nature of welfare support services, the redistributive effects of gambling and the effects of gambling on community development and the provision of other services.

1.16 On 26 November 1999 the Productivity Commission released the report *Australia's gambling industries*. The report estimated around 130,000 Australians had severe problems with their gambling and a further 160,000 were estimated to have moderate problems, which may not require 'treatment' but were a policy concern (in total about 2.1% of the adult population).<sup>1</sup>

1.17 Following the release of the report, the Commonwealth Government established a Ministerial Council on Gambling aimed at achieving a national approach to problem gambling. The Council consists of the Ministers with responsibility for gambling in each jurisdiction and reports to the Council of Australian Governments (COAG). The Ministerial Council on Gambling agreed to a framework to minimise the negative consequences of problem gambling to the individual, their family and the community through a national approach, known as the *National Framework on Problem Gambling 2004-2008*. The Council also established a national gambling research program, known as Gambling Research Australia.

1.18 In a communiqué on 3 July 2008, COAG asked the Commonwealth Treasurer to arrange for the Productivity Commission to update the 1999 inquiry into problem gambling.<sup>2</sup> On 25 July 2008 the Ministerial Council on Gambling met and agreed on priority areas for new work to reduce harm from gambling which would occur alongside the new Productivity Commission inquiry. The priority areas for new work were:

- helping individuals set their limits, including access to cash and pre-commitment technologies;
- responsible gambling environments, through staff training and problem gambler identification; and

---

1 Productivity Commission, *Australia's Gambling Industries*, Report No. 10, 26 November 1999, p. 2.

2 Council of Australian Governments, *Communiqué*, 3 July 2008, p. 12.

- gaming machine standards, developing mechanisms for better consumer protection.<sup>3</sup>

1.19 The Ministerial Council on Gambling also discussed the terms of reference of the new inquiry and agreed to co-operate with the Productivity Commission's important work. The terms of reference for the new inquiry will be the original inquiry's terms of reference plus two additional terms of reference to assess the effect of harm minimisation measures on the prevalence of problem gambling and the effectiveness of broader strategies used by state and territory governments.<sup>4</sup>

## GENERAL ISSUES

1.20 A number of common issues were raised by witnesses and submitters which related to all three Bills or more generally to poker machines and problem gambling.

### *Problem gambling and poker machines*

1.21 There are approximately 200,000 poker machines (also known as electronic gaming machines or EGMs) licensed in Australia with the majority located in clubs and pubs (187,000) and the remainder in casinos (12,000). The major source of net gambling takings for 2004-05 was from poker machines in clubs, pubs, taverns and bars reaching \$8.7 billion or 56.3% of total net takings from gambling.<sup>5</sup>

1.22 Research into gambling has consistently linked poker machines with rates of problem gambling. The original Productivity Commission report in 1999 found that the prevalence of problem gambling is related to the degree of accessibility of gambling, particularly to gaming machines. It also noted that 'there has been a sharp rise in the involvement of women in gambling, which is correlated with the increased access to poker machines'.<sup>6</sup> A study in Victoria in 2003 found that a large majority of problem gamblers spent most of their money on poker machines (85.1 per cent). This finding was confirmed by several submissions and witnesses to the Committee's inquiry. For example, Anglicare Victoria noted that anecdotal evidence indicated that approximately 80% of people presenting to their services with 'chronic gambling related behaviours use EGMs as their preferred method of gambling'.<sup>7</sup>

---

3 Minister for Families, Housing, Community Services and Indigenous Affairs, 'Ministerial Council on Gambling Melbourne 25 July 2008', *Media Release*, 28 July 2008, pp. 1-2.

4 Mr Lewis, Department of Families, Housing, Community Services and Indigenous Affairs, *Proof Committee Hansard*, 25 September 2008, p. 4.

5 Australia Bureau of Statistics, *Gambling Services, Australia, 2004-05*, 8684.0, 2006, p. 1.

6 Productivity Commission, *Australia's Gambling Industries*, Report No. 10, 26 November 1999, p. 37.

7 Mr Longmuir, Anglicare Victoria, *Proof Committee Hansard*, 11 September 2008, p. 20.

1.23 However some industry submitters suggested that a reduction in poker machine problem gambling would not work to reduce problem gambling overall. For example Mr Costello of Clubs Australia stated:

Australians like to gamble. If it is not on poker machines it will be on other forms of gambling, including wagering, casino table games such as roulette and blackjack, sports betting or at home unsupervised on the internet...Making poker machines financially unviable for clubs or removing the entertainment value from them will lead to an increase in less regulated forms of gambling, and that has to be considered.<sup>8</sup>

1.24 Others argued that the evidence showed that people do not substitute one form of gambling for another. Dr Zirnsak of the InterChurch Gambling Taskforce argued that 'as a new product emerges, it tends to attract a new population...[t]he level of swapping between different forms of gambling as the favourite form of gambling does not appear to be that strong'.<sup>9</sup>

### ***Research on problem gambling***

1.25 The Committee received conflicting evidence regarding trends in the prevalence of problem gambling in Australia. In part, this resulted from different measurement tools being used. The two dominant tools used were the South Oaks Gambling Screen (SOGS) and the Canadian Problem Gambling Index (CPGI).

1.26 A number of industry submitters and witnesses suggested that recent evidence indicated problem gambling was trending down. For example the Australian Gaming Council argued that while caution must be used in comparing the Productivity Commission's results with more recent prevalence surveys, findings suggest that problem gambling 'may be either stabilising or decreasing'.<sup>10</sup> Similarly Tabcorp highlighted that the Chairman of the Productivity Commission stated in 2007 that problem gambling prevalence was more likely to be down than up.<sup>11</sup> Clubs Australia argued that work done by state governments and industry had reduced problem gambling by 50 per cent in the last decade.<sup>12</sup>

1.27 The Australian Hotels Association also stated that it thought that the level of problem gambling has substantially declined since the Productivity Commission report. Mr Healey stated:

...while any level of problem gambling is a concern, the level of problem gambling in our community is not that great and the overwhelming number

---

8 Mr Costello, Clubs Australia, *Proof Committee Hansard*, 12 September 2008, pp. 14-15.

9 Dr Zirnsak, InterChurch Gambling Taskforce, *Proof Committee Hansard*, 11 September 2008, p. 34.

10 Australian Gaming Council, *Submission 26* (HRT Bill), p. 4.

11 Tabcorp, *Submission 6* (HRT) Bill, p. 4.

12 Mr Costello, Clubs Australia, *Proof Committee Hansard*, 12 September 2008, p. 14.

---

of people who come into our venues and use gaming machines do so responsibly...<sup>13</sup>

1.28 However care providers and community groups such as the Central Coast Problem Gambling Services noted their data indicated that 'those requiring our services are increasing in number'.<sup>14</sup> Professor McMillen, a gambling researcher, also stated that:

At a general level, evidence clearly shows that the prevalence of problem gambling in Australia continues to be unacceptably high. Despite the numerous harm minimisation strategies that have been introduced in various States/Territories since the Productivity Commission's 1999 inquiry, there is no indication that problem gambling prevalence has declined.<sup>15</sup>

1.29 Tatts Group noted their view was that the prevalence rate in respect of problem gambling will 'almost always be sitting somewhere in the vicinity of 2%' irrespective of the regulatory regime or the prevailing forms of gambling.<sup>16</sup>

1.30 The need for new national research into problem gambling was highlighted by a number of submitters. Gambling Research Australia noted that while the Productivity Commission report on gambling is 'nearly ten years old, it remains the most recent national study of gambling'.<sup>17</sup> Professor McMillen stated that since the Productivity Commission inquiry there has been little policy evaluation and few comparative or national studies. While some jurisdictions had commissioned studies in problem gambling, the evidence used to guide policy development was usually restricted to each particular state. She noted:

This fragmented approach has perpetuated policy inconsistencies and knowledge gaps across the nation...it has become increasingly difficult to distinguish between evidence-based research and advocacy, with both sides of the political debate resorting to extreme claims and counter-claims.<sup>18</sup>

1.31 Other witnesses emphasised the difficulties in obtaining quality research and data on problem gambling. Rev Reynolds of the Anglican Diocese of Melbourne indicated that in Victoria it was 'very hard to get funding for good, broad, quality research into problem gambling and those sorts of issues because the state government

---

13 Mr Healey, Australian Hotel's Association, *Proof Committee Hansard*, 12 September 2008, p. 2.

14 Mr Poole, Central Coast Problem Gambling Service, *Proof Committee Hansard*, 12 September 2008, p. 40.

15 Professor McMillen, *Submission 14* (HRT Bill), p. 4.

16 Tatts Group, *Submission 3* (HM Bill), p.2.

17 Gambling Research Australia, *Submission 30* (HRT Bill), p. 2.

18 Professor McMillen, *Submission 14a* (HRT Bill), p. 10.

does not want to put too much funding into that'.<sup>19</sup> Associate Professor Hancock and Dr Livingstone spoke of an asymmetry of knowledge between the gambling industry and the public, despite close government scrutiny and regulation of poker machines. Similarly Dr Zirnsak of the InterChurch Gambling Taskforce stated that the 'industry has a wealth of information by which to market and target their product, whereas the regulator is highly restricted in the information they take and in terms of that then flowing into policy development'.<sup>20</sup>

1.32 Industry submissions argued that since the Productivity Commission inquiry a number of harm minimisation strategies have been implemented and the industry has developed and changed. As such, they argued that the most reliable evidence available was outdated and that the any changes to policy approach to poker machines should be postponed until the new Productivity Commission inquiry reported its findings. Mr Ferrar of the Gaming Technologies Association stated:

Real evidence is timely. It is only provided by independent, objective, peer reviewed, published research...We believe that this evidence based approach is the appropriate way to assess the current environment and what measures might be worthy of consideration.<sup>21</sup>

1.33 Professor McMillen also argued that the 'need for evidence-based policy development dictates that any national policy proposal should be deferred until the Productivity Commission has completed its current investigations and more reliable up-to-date evidence is available'.<sup>22</sup>

### ***Costs vs. benefits***

1.34 Submissions and witnesses from the gambling industry and the hotel and club sectors emphasised the positive aspects of poker machine revenues for society. These included increased employment, contributions to GDP and exports, charitable donations and the provision of community facilities as well as tax revenue to governments. For example the Gaming Technologies Association noted that its 'members collectively employ around 2,200 Australians (at salary levels significantly above the average) and generate export income for Australia of around \$1 billion annually'.<sup>23</sup> Clubs Australia noted that:

Clubs are not-for-profit entities...Because clubs respond to community needs rather than corporate return, they often are the source of key

---

19 Rev Reynolds, Anglican Diocese of Melbourne, *Proof Committee Hansard*, 11 September 2008, p.21.

20 Dr Zirnsak, InterChurch Gambling Taskforce, *Proof Committee Hansard*, 11 September 2008, p. 30.

21 Mr Ferrar, Gaming Technologies Association, *Proof Committee Hansard*, 12 September 2008, pp. 56-57.

22 Professor McMillen, *Submission 14a* (HRT Bill), p. 4.

23 Gaming Technologies Association, *Submission 6* (HRT), p. 8.

---

investment in local capital expenditure in the community interest such as golf courses, football fields and bowling greens. In addition, many clubs are long-time sponsors of local charities and community groups. In NSW alone, clubs in the last ten years have given over \$1 billion to charities and community groups.

1.35 Mr Costello of Clubs Australia noted that:

The clubs borrow against revenue to buy new land, build new facilities and maintain those existing sporting facilities. By legislating to ban poker machines and reducing the revenue that clubs earn from them, clubs will be unable to meet their liabilities, and these invaluable assets will be lost from the community forever.<sup>24</sup>

1.36 Others such as Ms Rees submitted that poker machines should be removed from hotels but not 'clubs that raise revenue for community activities' as the income generated by poker machines is 'a vital revenue opportunity for clubs struggling to survive and must be linked to local community projects'.<sup>25</sup> The Cardiff RSL outlined the important social role their club played in the community 'including the sponsorship of sporting teams to the club facilities provided to benefit patrons and members'. They noted that these community links are maintained by club revenue, 65% of which is provided by poker machines.<sup>26</sup>

1.37 The Gaming Technologies Association noted that the aggregate taxation yield from EGMs in Australia was reported as \$2.8 billion in 2005-06. They suggested that the funds gained from gambling taxation and levies 'have been utilised for a myriad of projects, including problem gambling helplines, treatment, counselling and community education services'.<sup>27</sup>

1.38 However Dr Livingstone argued that there had not been a national assessment of the costs and benefits of poker machines since the 1999 Productivity Commission inquiry. He suggested that 'the net benefits to Australia from gambling industries collectively could be as much as zero... perhaps negative'.<sup>28</sup> Associate Professor Hancock stated that governments were not committed to counting the costs of problem gambling in ways similar to other areas of social harm such as alcohol, tobacco or illegal drugs. She noted:

...if we counted for gambling what we count for drugs we would know a lot more about the downside and the costs...we do not really know the actual extent of the harm because it is not counted. I would argue that it is not

---

24 Mr Costello, Clubs Australia, *Proof Committee Hansard*, 12 September 2008, p. 15.

25 Ms Rees, *Submission 25* (HRT Bill) p. 1.

26 Cardiff RSL, *Submission 18* (HRT Bill), p. 7.

27 Gaming Technologies Association, *Submission 6* (HRT Bill), p. 3.

28 Dr Livingstone, *Proof Committee Hansard*, 11 September 2008, p. 8.

counted because state governments have a real problem in counting the costs as they are so reliant on the revenue.<sup>29</sup>

1.39 Anglicare submitted that it must be understood that the tax revenues that governments receive from gambling. '...comes at a cost, both to the individual and to the community'.<sup>30</sup> Similarly Dr Zirnsak of the InterChurch Gambling Taskforce stated:

...the costs tend to be borne by the individual, their family or their immediate community and are often hidden. To some degree the state governments escape having to pick up the costs—the costs are actually transferred back to the individual, their family and the community, and are not borne by the state.<sup>31</sup>

1.40 The *Australian Gambling Review* commissioned by the Independent Gambling Authority of South Australia noted there were a number of costs from the gambling industry. These included that gambling diverts expenditure and consumption away from other sectors of the economy and that gambling also gives rise to significant social costs (or negative externalities) because of the significant numbers of people who develop problems as a result of gambling. It noted:

The financial losses, psychological distress, breakdown in relationships, loss of productivity and employment, and the legal consequences of gambling-related crime are all significant costs that are borne by the Australian community, the Government, and the economy.<sup>32</sup>

1.41 There were concerns raised that poker machines were being concentrated in lower socio-economic areas where the population base was inherently more vulnerable.<sup>33</sup> Associate Professor Hancock noted that some of the most disadvantaged areas in Australia are those with the highest per capita gambling losses.<sup>34</sup> However Mr Gibson representing the Gaming Technologies Association disagreed. He stated that:

Our experience is that machines are placed where the demand occurs—where the population in that local area seeks to use those machines. To me, there is an element of elitism in this whole debate about machines, where they are placed, the people who play them and the choices that they make. I think it tends to ignore, in the vast majority of cases, the lifestyle choices that people make and that people in certain locations choose to entertain

---

29 Associate Professor Hancock, *Proof Committee Hansard*, 11 September 2008, p. 5.

30 Anglicare, *Submission 10* (HRT Bill), p. 5.

31 Dr Zirnsak, InterChurch Gambling Taskforce, *Proof Committee Hansard*, 11 September 2008, p. 32.

32 Independent Gambling Authority (SA), *Submission 33a* (HRT Bill), *Australia Gambling Review*, p. 191.

33 For example Mr Longmuir, Anglicare Victoria, *Proof Committee Hansard*, 11 September 2008, p. 23.

34 Associate Professor Hancock, *Submission 24* (HRT Bill), p. 7.



themselves on gaming machines and expend their disposable incomes in that way rather than in other ways.<sup>35</sup>

### ***Federal intervention***

1.42 A number of witnesses and submitters argued that federal leadership in relation to poker machine problem gambling was needed as state and territory governments had become reliant on the tax revenue generated by poker machines.<sup>36</sup> For example Associate Professor Hancock noted that a large proportion of poker machine revenues are derived from problem gamblers and described the reliance of state governments on this revenue stream as an 'unethical dependence'.<sup>37</sup>

1.43 Professor McMillen suggested that state governments were wary of federal intervention and that there was little consistency in the approaches of state governments to the regulation of poker machines and harm minimisation.<sup>38</sup> While she considered that the Bills being considered had fundamental weaknesses she did support a more comprehensive approach to problem gambling. She stated:

Although each bill addresses important aspects of gambling policy, all these elements are interrelated and should not be considered as separate issues. Gambling reforms should be considered in the broader context of how they might impact on all existing policies and practices and on the public interest in all states/territories.<sup>39</sup>

1.44 In contrast the Australian Casino Association argued that, in relation to the HM Bill, a one size fits all approach was not preferable in relation to problem gambling. They stated that the most appropriate regulatory control was one which was state and territory based.<sup>40</sup>

## **SPECIFIC ISSUES**

### ***The Poker Machine Harm Reduction Tax (Administration) Bill 2008***

#### ***Destination gambling***

1.45 The HRT Bill proposes to impose a progressively increasing tax rate on licensed operators of poker machines, however the tax is not payable by casino or

---

35 Mr Gibson, Gaming Technologies Association, *Proof Committee Hansard*, 12 September 2008, p. 64.

36 For example Rev Reynolds, Anglican Diocese of Melbourne, *Proof Committee Hansard*, 11 September 2008, p. 19; Associate Professor Hancock, *Submission 24* (HRT Bill), p. 9; Ms Pinkerton, *Proof Committee Hansard*, 11 September 2008, p. 53.

37 Associate Professor Hancock, *Proof Committee Hansard*, 11 September 2008, p.2.

38 Professor McMillen, *Submission 14a* (HRT Bill), p. 2.

39 Professor McMillen, *Submission 18* (HM Bill), p. 4.

40 Australian Casino Association, *Submission 14* (HM Bill), p.1.

horse racecourse operators. This measure was seen as promoting a destination model of gambling, where poker machines were concentrated in a more limited number of locations rather than being widely distributed amongst clubs and hotels.

1.46 Some submitters and witnesses highlighted the differences between Western Australia and other states and territories in terms of destination gambling. In Western Australia, poker machines are only licensed in a large casino rather than distributed in clubs and hotels.<sup>41</sup> The Western Australian Department of Racing, Gaming and Liquor noted that by restricting EGMs to a single location in that jurisdiction, fewer people have access to poker machine gambling and that this '...has contributed to Western Australia having the lowest prevalence of problem gambling...'.<sup>42</sup>

1.47 The InterChurch Gambling Taskforce was supportive of the concept of destination gambling, noting that accessibility was a key factor in problem gambling. They argued 'a smaller number of venues with higher numbers of EGMs is likely to reduce problem gambling compared to a larger number of geographically dispersed venues with a fewer number of EGMs each'.<sup>43</sup> Similarly Associate Professor Hancock consider there was 'lot of evidence to support destination gambling as opposed to suburbanised and localised gambling' noting that 'opportunistic gambling is what puts people at risk'. However she also considered that a destination gambling approach could be improved by player tracking and more protections in 'racinos and casinos'.<sup>44</sup>

1.48 However other submissions did not support a destination gambling approach. Ms Borrell, a gambling researcher, argued it was not appropriate for poker machines to even be at destination venues. She noted that:

...there is evidence that larger gaming venues have features that are enticing for EGM gamblers such as large linked jackpots, the 'buzz' of a large crowd for excitement and company and greater chances of remaining anonymous.<sup>45</sup>

1.49 Professor McMillen argued that while convenient access is known to be a factor in gambling expenditure the direct links between venue location and problem gambling are less certain. She noted:

Evidence suggests that people will travel long distances to gamble; and that venues in central urban locations (at transport hubs where many people work, shop and seek entertainment) attract patronage from wide areas - i.e. the catchment areas for city venues such as casinos are relatively large.<sup>46</sup>

---

41 Professor Howat and Associate Professor Maycock, *Submission 19* (HRT Bill), pp. 1-2.

42 Department of Racing, Gaming and Liquor (WA), *Submission 15* (HM Bill), p. 1.

43 InterChurch Gambling Taskforce, *Submission 20* (HRT Bill), p. 1.

44 Associate Professor Hancock, *Proof Committee Hansard*, 11 September 2008, p. 1.

45 Ms Borrell, *Submission 15* (HRT Bill), p. 1.

46 Professor McMillen, *Submission 14* (HRT Bill), p. 2.

1.50 Mr Ryan of Responsible Gaming Networks highlighted that destination gambling had been the subject of review by the Victorian Department of Justice which had concluded that given 'the uncertainty of the potential benefits in reduced problem gambling and the probability of associated economic and community costs from a reduction in existing gaming opportunities, it is not possible to form a view that destination gaming would result in a net community benefit for Victoria'.<sup>47</sup>

1.51 While supporting the removal of poker machines from pubs and clubs the Gambling Impact Society (NSW) considered that racetracks should not be excluded from the HRT Bill as most racetracks are located in country areas where few other provided entertainment venues exist.<sup>48</sup>

### *Taxation*

1.52 The efficacy of increased taxation on problem gambling was another issue raised in relation to the HRT Bill. The InterChurch Gambling Taskforce supported higher taxes on poker machines as the taxes would 'maximise the benefits to the community' and considered it was better for poker machines profits to go into tax revenue rather than to industry.<sup>49</sup> However Unitingcare Wesley Adelaide noted their concerns that demand for poker machines is highly price inelastic for problem gamblers, meaning the level of expenditure would remain the same despite the higher price. They stated:

Specifically our concern is that people with gambling problems would end up spending even more than they do now on poker machines, further exacerbating the gambling problems.<sup>50</sup>

1.53 Similarly Professor McMillen argued that 'there is no evidence that higher tax rates are a disincentive to gambling participation or expenditure' and taxes on gambling are regressive in that they tend to affect people on lower incomes more than other groups, 'as gambling takes a greater share of their disposable income'. She also noted that the original Productivity Commission inquiry had found that 'taxes are not an effective instrument for managing problem gambling'.<sup>51</sup>

1.54 But Professor McMillen also indicated that overall growth in gambling tax revenues had slowed from the period when the Productivity Commission reported. She stated:

Gambling taxes vary from State to State as well as between (and within) different forms of gambling. The general trend in all jurisdictions, however,

---

47 Mr Ryan, Responsible Gaming Networks, *Proof Committee Hansard*, 11 September 2008, p. 42.

48 Ms Pinkerton, Duty of Care, *Proof Committee Hansard*, 11 September 2008, p. 53.

49 InterChurch Gambling Taskforce, *Submission 20* (HRT Bill), p. 1.

50 UnitingCare Wesley Adelaide, *Submission 31* (HRT Bill), p. 6.

51 Professor McMillen, *Submission 14* (HRT Bill), p. 1.

has been for governments to agree to tax concessions under pressure from the gambling sector. In many jurisdictions, tax rates for gaming machines, casinos and wagering have been progressively lowered since the 1990s as market competition increased.<sup>52</sup>

1.55 Duty of Care supported the HRT Bill but recommended that the initial rate of tax of 1 per cent be increased to 5 per cent of poker machines profits and that increments of 5 per cent per annum replace the 1 and 2 per cent. They argued that to be effective in making poker machines unsustainable in hotels and clubs the imposed tax must exceed the annual profits that the industry receives.<sup>53</sup>

#### *Financial viability of hotels and clubs*

1.56 Industry witnesses and submissions highlighted the potential impacts of the HRT Bill on the viability of their businesses and organisations. The Australian Hotels Association emphasised the importance of their sector, noting that in 2005-06 there were 2,362 pub, tavern and bar businesses operating in Australia with gambling facilities who employed around 65,000 people. While main source of income for these businesses was sales of liquor and other beverages (57.6%), gambling revenue represented 28.3% of their income which was almost entirely sourced from poker/gaming machines.<sup>54</sup> They noted that:

...the removal of EGMs from hotels as proposed under the current Bill would... have devastating consequences for the financial viability of hotels, particularly those in regional communities and flow to employment, suppliers and State revenues.<sup>55</sup>

1.57 Similarly Clubs Australia stated that the introduction of the tax proposed in the HRT Bill 'would be the end of the Australia Club Movement'. They noted that clubs operated approximately 60 per cent of the poker machines in Australia and rely on gaming for around 65 per of their revenue. In 2005-06 there are approximately 4000 clubs employing 65,000 people, with around 1800 clubs offering gambling services. Without the revenue provided by poker machines, they stated, 'clubs would close and jobs would be lost'.<sup>56</sup>

1.58 The Australian Hotels Association argued that substantial investments had been made by businesses based on the assumption that the revenue stream provided by poker machines would be available long term.<sup>57</sup> Mr Healey stated:

---

52 Professor McMillen, *Submission 14* (HRT Bill), p. 2.

53 Ms Pinkerton, *Duty of Care, Proof Committee Hansard*, 11 September 2008, p. 54.

54 Australian Hotels Association, *Submission 22* (HRT Bill), p. 5.

55 Australian Hotels Association, *Submission 22* (HRT Bill), p. 7.

56 Clubs Australia, *Submission 7* (HRT Bill), pp. 1-2.

57 Australian Hotels Association, *Submission 22* (HRT Bill), p. 7.

...we have an industry...that has a large amount of capital investment, whether it is in hotels, casinos or clubs; and that has been built in an environment where the products we sell are seen as legally available to the public. It is an industry that is highly regulated. Any change to that—...revenue and the operating environment of our businesses—needs to be looked at in the context of what it will do to our industry.<sup>58</sup>

1.59 Other witnesses noted that poker machines are a relatively recent addition to pubs and clubs and that these businesses and organisations continue to exist in Western Australia where poker machines are not licensed.<sup>59</sup> However Mr Healey of the Australian Hotels Association argued that, in part, this was because of the particular liquor licensing laws in that jurisdiction.

1.60 In relation to the Transition Fund proposed by the HRT Bill the Gaming Technologies Association submitted that 'there is no utility in imposing an additional tax on a licensed poker machine operator that is also a sporting club or hotel, only to then make a grant to potentially the same club or hotel'.<sup>60</sup>

#### *Dependence on further legislation*

1.61 Section 53 of the Constitution provides that 'Proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate'. The HRT Bill is intended to administer a tax imposed by the Poker Machine Harm Reduction Tax Act 2008, a piece of legislation which has not yet been introduced in the House of Representatives, and which cannot be introduced in the Senate. While the practice of separating tax administration and tax imposition bills is a long established one in the Commonwealth, the HRT Bill would not be able to meet its objective of providing for the administration of a poker machine harm reduction tax until such time as a future a Poker Machine Harm Reduction Tax Bill was enacted.

### ***The Poker Machine Harm Minimisation Bill 2008***

#### *Pre-commitment*

1.62 The HM Bill contemplates the introduction of a pre-commitment system for poker machine players, for example, through the definition of smart cards registered with 'a maximum fortnightly monetary credit of \$1,000, pre-registered at least one week in advance'. A number of submitters and witnesses supported the introduction of a pre-commitment system for poker machines to assist problem gamblers to play responsibly. The Committee also received submissions from two companies involved

---

58 Mr Healey, Australian Hotel Association, *Proof Committee Hansard*, 12 September 2008, pp. 3-4.

59 Mr Fitzgerald, InterChurch Gambling Taskforce, *Proof Committee Hansard*, 11 September 2008, p. 36.

60 Gaming Technologies Association, *Submission 6* (HRT Bill), p. 26.

with pre-commitment technological solutions for poker machines, including USB and smartcards, Regis Controls and Responsible Gaming Networks.<sup>61</sup>

1.63 The \$1,000 per fortnight player pre-commitment limit in the HM Bill was seen as too high by Mr Ryan of Responsible Gaming Networks. He stated:

We would argue that the government should not mandate a spend limit; players should be provided with a mechanism to establish their own loss limits, which they will hold in greater regard and respect than those mandated by third parties. The current spend limit in the current bill encourages players to spend twice as much as problem gamblers identified in the Productivity Commission report.<sup>62</sup>

1.64 However the InterChurch Gambling Taskforce noted that research commissioned by Gambling Research Australia on gamblers pre-commitment behaviour had indicated that half (51%) of regular Australian gamblers admitted to not always calculating the affordability of their gambling. They argued:

The GRA research on pre-commitment demonstrates that it would be flawed strategy for governments in Australia to rely on people making informed choices, including setting themselves limits that they stick to, as the only measure to curb the risk and prevalence of problem gambling.<sup>63</sup>

1.65 Submitters and witnesses highlighted a number of issues involved the rollout of a pre-commitment system including the problems of multiple systems operating simultaneously, accurate identification of players and privacy concerns. Gaming Technologies Association argued that the pre-commitment system in the HM Bill was 'ill-conceived' as players who had set limits using a smart card could still continue playing on conventional poker machines.<sup>64</sup> This view was shared by Duty of Care which noted:

Nothing in this bill prevents poker machine addicts, who have spent most of their money on machines without technologies, then moving to machines with them, or vice versa. It is our committed position that all poker machines be fitted with smart technologies and a precommit system...<sup>65</sup>

1.66 The Gaming Technologies Association also expressed their concerns regarding potential upgrades to poker machines to impose a pre-commitment system. Mr Ferrar noted:

Gaming machine manufacturers regard the integrity of the equipment as paramount. They are, after all, devices that are dealing with cash

---

61 Responsible Gaming Networks, *Submission 10* (HM Bill) and Regis Controls, *Submission 4* (HM Bill).

62 Mr Ryan, Responsible Gaming Networks, *Proof Committee Hansard*, 11 September 2008.

63 InterChurch Gambling Taskforce, *Submission 9* (HM Bill), p. 2.

64 Gaming Technologies Australia, *Submission 6* (HM Bill), p. 7.

65 Ms Sue Pinkerton, Duty of Care, *Proof Committee Hansard*, 11 September 2008, p. 54.

transactions frequently. The idea of bolting on a device is somewhat going in the wrong direction as far as gaming machine manufacturers are concerned.<sup>66</sup>

1.67 The Australian Hotels Association expected the cost of implementing a pre-commitment system to be prohibitive.<sup>67</sup> Mr Costello of Clubs Australia estimated the costs of upgrading poker machines to use a smart card or USB technology pre-commitment system was \$2,500 per machine for the approximately 200,000 machines in Australia.<sup>68</sup>

#### *\$100 withdrawal limits*

1.68 The Australian Bankers' Association argued that the \$100 withdrawal limits outlined in the HM Bill should be implemented at the 'ATM level', and therefore involve 'ATM deployers', rather than banks and other financial institutions who are 'card issuers'. They stated:

A 'card issuer level' option would impose significant costs on all card issuers and all customers and have significant ramifications and complexities for the payments system (undermining the cost-effectiveness and efficiency of the network).<sup>69</sup>

1.69 They argued any further restrictions on ATM access to cash at licensed venues should acknowledge the 'limitations (cost, timing and technical capabilities) with technology, functionality and interoperability of bank and non-bank branded ATMs and EFTPOS facilities'.<sup>70</sup>

1.70 The ATM Industry Reference Group represented the businesses which deploy almost all the ATMs located in licensed venues. They argued that while their members had the available technology to limit withdrawals from ATMs at licensed venues the limit of \$100 proposed in the HM Bill was 'unreasonably low'. They noted Victorian Government legislation with a maximum withdrawal limit within a 24 hour period of \$400.<sup>71</sup> They highlighted that reducing access to cash would 'unintentionally catch many parts of a pub or club business that have nothing to do with gaming or problem gamblers'.<sup>72</sup>

---

66 Mr Ferrar, Gaming Technologies Association, *Proof Committee Hansard*, 12 September 2008, p. 66.

67 Australian Hotel Association, *Submission 8* (HM Bill), p. 4.

68 Mr Costello, Clubs Australia, *Proof Committee Hansard*, 12 September 2008, p. 22.

69 Australian Bankers' Association, *Submission 16* (HM Bill), p. 1.

70 Australian Bankers' Association, *Submission 16* (HM Bill), p. 5.

71 Mr Glen, ATM Industry Reference Group, *Proof Committee Hansard*, 12 September 2008, p. 30.

72 ATM Industry Reference Group, *Submission 7* (HM Bill), p. 2.

1.71 The InterChurch Gambling Taskforce broadly supported the measures in the HM Bill but did not support ATMs within EGM venues being limited to \$100 per day as they would prefer ATMs being removed from EGM venues.<sup>73</sup>

1.72 The Western Australian Department of Racing, Gaming and Liquor noted that it was supportive of a new code or standard relating to cash withdrawals from ATMs and EFTPOS facilities in and around gambling venues in 2006. However the Ministerial Council on Gambling had agreed that the financial transaction sector would not voluntarily introduce changes and it was consequently accepted that without Commonwealth legislation, it was not possible to implement daily cash restrictions on ATMs.<sup>74</sup>

#### *Other harm minimisation issues*

1.73 The Australian Casino Association argued that many of the harm minimisation measures in the HM Bill had already been considered and rejected by state and territory regulators as being not effective in dealing with problem gambling. They also stated the measures would make all existing machines in Australia illegal to operate.<sup>75</sup> Similarly Gaming Technologies Australia also noted that the scope of the HM Bill may affect Australian manufacturers making poker machines for export.<sup>76</sup> They also stated:

Most of the measures outlined in the Bill have been extensively canvassed in the past and the research that has been undertaken has demonstrated that they will not result in any improvement in rates of problem gambling. Rather, the consequences will be that venues will suffer significant declines in revenue, recreational gamblers will have their enjoyment curtailed and no social benefit will occur.<sup>77</sup>

1.74 Professor McMillen indicated that where assessments have been undertaken on some harm minimisation measures (including some in the HM Bill) 'research has indicated that the measures in place have had little positive effect, sometimes because venues and patrons take advantage of fundamental flaws and deficiencies in policy design'.<sup>78</sup> She stated:

Although community groups have strongly supported the new policies, there is little evidence to indicate whether responsible gambling policies have achieved their main objectives (reduction in the level of problem

---

73 InterChurch Gambling Taskforce, *Submission 9*, p. 1; Mr Fitzgerald, InterChurch Gambling Taskforce, *Proof Committee Hansard*, 11 September 2008, p. 28.

74 Department of Racing, Gaming and Liquor, *Submission 1* (ATM Bill), p. 1.

75 Australian Casino Association, *Submission 14* (HM Bill), p. 2.

76 Gaming Technologies Association, *Submission 6* (HM Bill), p. 8.

77 Gaming Technologies Association, *Submission 6* (HM Bill), p.3

78 Professor McMillen, *Submission 18* (HM Bill), pp. 5-6.



---

gambling prevalence and community harm), or which harm minimisation strategies are effective in reducing gambling problems and which are not.<sup>79</sup>

1.75 However the Festival of Light highlighted a NSW study of problem gambling in 2006 which indicated that:

‘At risk’ gamblers (moderate/problem) show a clear preference for linked jackpot gaming machines, higher denomination machines, note acceptors, and gamble more lines per bet and more credits per line. Problem gamblers are also significantly more likely to use venue ATMs for cash withdrawals to be spent on gambling.<sup>80</sup>

1.76 The InterChurch Gambling Taskforce argued note acceptors should be completely removed from poker machines rather than limited. They suggested that removing note acceptors would help slow down the intensity of play for people with gambling problems and would force people to take breaks to change money into coins to continue to play.<sup>81</sup> However the Gaming Technologies Association argued that restriction in relation to note acceptors on poker machines were unlikely to reduce problem gambling. They stated:

The proposed measures on note acceptors and ticket readers to limit the size of notes accepted to \$20 and the total accumulated credit to \$100 have been trialled in some jurisdictions and have not resulted in any discernible difference in the amount of money expended nor the amount of time spent playing machines.<sup>82</sup>

1.77 In relation to the \$1 bet limit proposed in the HM Bill, Duty of Care suggested this limit was too high noting that even a maximum bet limit of 50c allows gamblers to potentially spend \$360 per hour.<sup>83</sup> In contrast the Australian Hotels Association noted that each Australian jurisdiction has established a maximum bet limit for their jurisdiction and highlighted the impact of inflation on these maximum bet limits, many of which have not been adjusted for a number of years.<sup>84</sup>

1.78 The \$1000 jackpot limit in the HM Bill received mixed support from community groups. Mr Fitzgerald of the InterChurch Gambling Taskforce noted that large prizes can encourage an increase in gambling expenditure, as gamblers chase the possibility of a large win or look to recover their losses. He stated:

---

79 Professor McMillen, *Submission 18* (HM Bill), p. 5.

80 Festival of Light, *Submission 17* (HRT Bill), p. 4

81 InterChurch Gambling Taskforce, *Submission 9* (HM Bill), p. 5.

82 Gaming Technologies Australia, *Submission 6* (HM Bill), p. 7.

83 Ms Pinkerton, Duty of Care, *Proof Committee Hansard*, 11 September 2008, p. 54.

84 Australian Hotel Association, *Submission 8* (HM Bill), p. 4.

...setting an upper limit of \$1,000 would remove the incentive for gamblers to gamble more than they otherwise would in pursuit of that large payout or the recuperation of losses.<sup>85</sup>

1.79 However Ms Pinkerton of Duty of Care suggested that the jackpot limit should be \$500, noting that 'for pensioners, the unemployed and the working poor, a \$1,000 payout represents around five weeks income, making it a very attractive proposition that is worth taking the risk for'.<sup>86</sup>

### ***The ATMs and Cash Facilities Bill 2008***

#### *Accessibility to ATMs*

1.80 Many witnesses and submitters saw accessibility to ATMs as a key issue for problem gamblers using poker machines. For example the InterChurch Gambling Taskforce noted that research indicated that moderate-risk and problem gamblers make significantly more withdrawals from ATMs than non-problem or low-risk gamblers.<sup>87</sup> Mr Poole of the Central Coast Problem Gambling Service noted most problem gamblers which he dealt with 'report regularly going back and forth to the ATM machine in the gaming venue'. He stated:

For a lot of them the symptoms whilst they are gambling are very similar to those of alcoholism: they go into blackouts, they lose time and they cannot remember their actions, but then when they go and check their ATM withdrawals or their bank account the next day they can see numerous withdrawals from ATM machines that were at the venue...It would be a fantastic first step to get ATMs out of the gaming venues.<sup>88</sup>

1.81 Similarly the Gambling Impact Society (NSW) argued that forcing players to take breaks by locating ATMs away from venues would assist problem gamblers. They stated:

ATMs within the player's venue, and only a few steps away from the EGM, will not interrupt this state of mind when approached and so will not prevent him from withdrawing more and more cash.<sup>89</sup>

1.82 Mr Chappell of the Independent Gambling Authority in South Australia told the Committee in his view access to cash was a critical factor in people controlling their behaviour. He stated:

---

85 Mr Fitzgerald, InterChurch Gambling Taskforce, *Proof Committee Hansard*, 11 September 2008, p. 28.

86 Ms Pinkerton, Duty of Care, *Proof Committee Hansard*, 11 September 2008, p. 54.

87 InterChurch Gambling Taskforce, *Submission 9 (ATM Bill)*, p. 3.

88 Mr Poole, Central Coast Problem Gambling Service, *Proof Committee Hansard*, 12 September 2008, p. 42.

89 Gambling Impact Society (NSW), *Submission 14 (ATM Bill)*, p. 2.

---

It is quite clear that access to cash is a clear and burning issue and, in the absence of any other way of giving people the means of controlling their behaviour in-venue, access to cash is an excellent proxy for giving people the ability to commit to expenditure.<sup>90</sup>

1.83 However Professor McMillen outlined her own research on problem gambling and access to ATMs. Her research on clubs in the Australian Capital Territory found that 'the removal of ATMs is likely to be a relatively minor and temporary barrier for many people with gambling problems', 'would inconvenience a significant proportion of ACT club patrons, recreational gamblers and nongamblers' and that 'a daily limit on the amount that can be withdrawn from ATMs and EFTPOS would be a more effective and acceptable harm minimisation strategy'.<sup>91</sup>

1.84 Dr Livingstone, another gambling researcher, disagreed stating:

Studies in Australia, in particular into the relationship between ATM accessibility and problem gambling, generally have been quite inadequate. But there is certainly enough evidence to indicate that access to ATMs fuels excess expenditure on the part of problem gamblers in particular.<sup>92</sup>

1.85 Industry submissions and witnesses focussed on the impact of removing ATMs from licensed venues on their customers, the majority of whom did not use poker machines. For example, the Australian Hotels Association estimated that 60 to 70 percent of sales in their venues are not related to gambling. The ATM Industry Reference Group argued that the complete removal of ATMs from licensed venues, as proposed in the ATM Bill, would 'do severe damage to Australian communities' by removing approximately 25 per cent of all ATMs across the country and disadvantaging the majority of ATM users who are not problem gamblers and 'who simply want safe and convenient access to their funds'.<sup>93</sup> Mr Glen of the ATM Industry Reference Group told the Committee:

There is one reason and one reason alone why ATMs are located in Australian pubs and clubs: they are cash based businesses. This is because almost every transaction performed at these venues is relatively small and the most efficient method to settle small payments is cash, whether it is to buy a round of drinks or something to eat or to have a flutter on the TAB.<sup>94</sup>

1.86 The Australian Bankers' Association argued that the other harm minimisation measures should be used to reduce the harm caused by problem gambling and noted that the removal of ATMs from licensed venues would 'have a substantial impact on

---

90 Mr Chappell, Independent Gambling Authority (SA), *Proof Committee Hansard*, 16 October 2008, p. 2.

91 Professor McMillen, *Submission 5* (ATM Bill), pp. 6-7.

92 Dr Livingstone, *Proof Committee Hansard*, 11 September 2008, p. 2.

93 ATM Industry Reference Group, *Submission 7* (ATM Bill), p. 1.

94 Mr Glen, ATM Industry Reference Group, *Proof Committee Hansard*, 12 September 2008, p. 30.

the ability of all customers to access their money'.<sup>95</sup> Clubs Australia noted that ATMs are already restricted from being located in gaming areas under law in all Australian jurisdictions. They argued:

To further prohibit access to cash facilities in clubs is unreasonable for cash businesses in the 21st Century. Cash is used by club patrons for purchasing a wide range of non-gambling goods and services including food and beverage, live entertainment and sporting facilities.<sup>96</sup>

1.87 However some submitters did not see the removal of ATMs from licensed venues as a significant inconvenience to patrons as EFTPOS facilities would still allow people to pay for goods and services.<sup>97</sup> For example Dr Livingstone acknowledged that the removal of ATMs was not a complete solution to problem gambling and that some non-gamblers would be inconvenienced by the removal of ATMs from licensed venues. However because of access to other payment methods such as EFTPOS and credit cards, Dr Livingstone argued the impact of the removal of ATMs would be 'quite negligible'.<sup>98</sup>

1.88 Industry submitters did not see increased use of EFTPOS as a viable alternative to cash. The ATM Industry Reference Group noted that EFTPOS terminals cannot provide account balances which represented 10 to 12 per cent of all ATM transactions. Mr Glen stated:

EFTPOS is not an effective alternate payment channel or cash source in pubs and clubs. It is slow, labour intensive and requires exposing staff to larger volumes of cash, which adds to the risks in an industry which is already a key target of armed robbery.<sup>99</sup>

1.89 The ATM Industry Reference Group highlighted the other harm minimisation measures relating to ATMs which were already operating in most Australian licensed venues. These included: no cash withdrawals accessed from credit cards; maximum amounts per transaction in various states; placement of ATMs away from gaming machines and messages on ATMs about the risks of gaming.<sup>100</sup>

1.90 In contrast the InterChurch Gambling Taskforce argued that removing ATMs from licensed venues was the most effective harm minimisation strategy. In part this was because people with a gambling problem are likely to have multiple ATM cards, which will defeat any measures that limit the daily withdrawals from ATMs. They

---

95 Australian Bankers' Association, *Submission 21* (HM Bill), p. 4.

96 Clubs Australia, *Submission 11* (ATM Bill), p. 1.

97 Mr Poole, Central Coast Problem Gambling Service, *Proof Committee Hansard*, 12 September 2008, p. 43.

98 Dr Livingstone, *Proof Committee Hansard*, 11 September 2008, p. 11.

99 Mr Glen, ATM Industry Reference Group, *Proof Committee Hansard*, 12 September 2008, p. 30.

100 ATM Industry Reference Group, *Submission 7* (HM Bill), p. 2.

---

also noted that the Victorian government had already committed to removal of ATMs from licensed venues by 2012.<sup>101</sup>

1.91 Clubs Australia considered that the exemption in the ATM Bill, providing for cash withdrawal facilities in licensed venues where no other withdrawal facility exists within five kilometres would be unavailable to the great majority of venues. The InterChurch Gambling Taskforce supported the removal of ATMs from licensed venues but also supported an amendment to the proposed exemption. The Taskforce argued the criteria for allowing an exemption should be specified in the legislation rather than being left entirely to the discretion of the Minister.<sup>102</sup>

## CONCLUSION

1.92 The three Bills considered by the Committee have been useful in focusing attention on the relationship between poker machines, the availability of ATMs in licensed venues and problem gambling. For policy makers, poker machines are a controversial form of popular entertainment. While many Australians can responsibly enjoy playing poker machines there are a small number of problem gamblers who cannot. For those problem gamblers, their families and their communities the consequences of poker machine problem gambling can be profoundly negative. The Committee was particularly concerned regarding the increase in women problem gamblers over the last decade and the link to poker machine gambling.

1.93 The Committee shares the concerns expressed by many submitters that conflicts of interest may exist in relation to poker machines because of the revenues which problem gamblers generate, either directly or indirectly, for poker machine manufacturers, for organisations and businesses which offer poker machines to the public and for governments through taxation. The Committee is also concerned regarding the apparent lack of advocacy for the victims of problem gambling and their families. As the members of the Central Coast Problem Gambling Service noted, the people most adversely affected by gambling do not have significant resources to support organisations to advocate on their behalf.<sup>103</sup>

1.94 The Committee acknowledges that Australian governments, businesses and community organisations have supported a variety of harm minimisation measures directed at problem gambling. In particular, the Committee notes the ongoing work by the Ministerial Council on Gambling in developing a national approach to tackling problem gambling and the recent agreement on priority areas for new work to reduce

---

101 Dr Zirnsak, InterChurch Gambling Taskforce, *Proof Committee Hansard*, 11 September 2008, p. 27.

102 InterChurch Gambling Taskforce, *Submission 9* (ATM Bill), p. 4.

103 Mr Poole, Central Coast Problem Gambling Service, *Proof Committee Hansard*, 12 September 2008, p. 40.

harm from gambling.<sup>104</sup> The Committee also notes the significant research funded by governments through Gambling Research Australia. However the Committee is concerned that a comprehensive national assessment of the prevalence of problem gambling and the most effective harm minimisation strategies has not been undertaken since the Productivity Commission inquiry in 1999.

1.95 The poker machine sector has significantly changed over the past decade. Developments in technology potentially offer new solutions to poker machine problem gambling, including through pre-commitment systems and player tracking to identify problem gamblers. The three Bills considered by the Committee demonstrate that there are a range of different views as to the most effective legislative approach to poker machine problem gambling. An evidence based policy approach is the best strategy to addressing the harms caused through problem gambling on poker machines. The anticipated Productivity Commission inquiry is well-placed to provide all stakeholders with reliable national research and data on this important issue.

### **Recommendation 1**

**1.96 In view of the anticipated Productivity Commission inquiry into Australia's gambling industries, the Committee recommends that the Poker Machine Harm Reduction Tax (Administration) Bill 2008, the Poker Machine Harm Minimisation Bill 2008 and the ATMs and Cash Facilities Bill 2008 not be passed at this time.**

Senator Claire Moore  
Chair

November 2008

---

104 Minister for Families, Housing, Community Services and Indigenous Affairs, 'Ministerial Council on Gambling Melbourne 25 July 2008', *Media Release*, 28 July 2008, pp. 1-2.

## ADDITIONAL COMMENTS BY COALITION SENATORS

Coalition Senators participating in this inquiry acknowledge the devastating economic and social impacts of problem gambling in Australia and the commensurate need for governments to act to contain and reduce this problem. Evidence presented at the inquiry makes clear the need for cross-government cooperation and high quality data collection to be prominent in our armoury in dealing with this issue.

Coalition Senators endorse the recommendation in the body of the report in so far as it recommends that the *Poker Machine Harm Reduction Tax (Administration) Bill 2008* and the *ATM's and Cash Facilities Bill 2008* not be passed at this time. However, we believe that there are elements of the *Poker Machine Harm Minimisation Bill 2008* which do warrant further immediate consideration and which, if applied uniformly across the nation, would have some beneficial impact on the level of problem gambling. The *Poker Machine Harm Minimisation Bill 2008* contains a suite of measures addressed to design features of EGMs and the way they are deployed which may encourage or promote problem gambling. The bill *inter alia* limits the size of bets placed on EGMs in certain circumstances, limits the use of other devices which stimulate a gambler's interest in continuing to place bets and prohibits jackpots of greater than \$2000.

The inquiry heard that a number of these measures already exist in the legislation of some jurisdictions. Some of these measures have been applied for several years to minimise problem gambling in some states. While the evidence to the inquiry was inconclusive as to whether these measures *in toto* decreased the effect of problem gambling, it does appear that at least some of them are having a positive effect and are accepted within the gambling industry.

Gambling researcher Professor Jan McMillen submitted that some of these harm minimisation measures had been undercut "because venues and patrons take advantage of fundamental flaws and deficiencies in policy design".<sup>1</sup> Coalition Senators feel that the application of these measures across the country, using the best available evidence as to which have been effective in particular jurisdictions, would be a positive move and would send a strong signal that government in Australia is prepared to "lift its game" in dealing with this issue where, all too often, a conflict of interest is perceived to exist for governments.

Coalition Senators are not persuaded that these measures would be technically difficult to engineer or deliver or that they would impose a serious financial burden on clubs and pubs where these machines are located. On the contrary, we feel that the passage of such legislation would send a strong signal to Australia's gambling industry that a fresh take on the scale and nature of our problem with gambling is warranted, and that this industry needs to be prepared to innovate and cooperate in achieving reductions in the level of problem gambling.

Senator Gary Humphries

Senator Judith Adams

Senator Sue Boyce

---

<sup>1</sup> Professor McMillen, *submission 18* (HM Bill), p. 6.





**POKER MACHINE HARM REDUCTION TAX (ADMINISTRATION)  
BILL 2008**

**POKER MACHINE HARM MINIMISATION**

**BILL 2008**

**ATMs AND CASH FACILITIES IN LICENSED VENUES BILL 2008**

**MINORITY REPORT**

**SENATOR NICK XENOPHON AND THE AUSTRALIAN GREENS**

**1. Introduction**

- 1.1 The Inquiry was established for the purpose of considering three bills – the *Poker Machine Harm Reduction Tax (Administration Bill 2008)*, the *Poker Machine Harm Minimisation Bill 2008* and the *ATMs and Cash Facilities in Licensed Venues Bill 2008*, each introduced into the Senate and referred to the Committee on the recommendation of the Selection of Bills Committee. The purpose of the bills is outlined in the majority report.
- 1.2 Given that up to 85 per cent of problem gamblers have a problem because of poker machines, the most effective way to immediately and dramatically reduce the harm caused by gambling in Australia would be by the total removal of poker machines.<sup>1</sup>
- 1.3 However, there are many useful measures, short of removing all machines that can be implemented to significantly reduce the level of gambling addiction and related harm. These measures can be mandated by Commonwealth legislation, given the scope of the Commonwealth's powers over corporations, taxation, banking and telecommunications.

---

<sup>1</sup> Livingstone, C., Woolley, R., (2007) "*Risky Business: A Few Provocations on the Regulation of Electronic Gaming Machines*," in *International Gambling Studies*, Vol. 7, No. 3, p. 361; Centre for Gambling Research (CGR), 2004, p.97;

## 2. Counting the Costs of Gambling

2.1 The Productivity Commission Report of 1999<sup>2</sup> into Australia's gambling industries highlighted the extent of the problem using a comprehensive national household survey of some 10 600 respondents. It found:

- an estimated 2.1 per cent of the adult population or the equivalent of 293 000 people experienced significant problems associated with their gambling;
- problem gamblers comprise 15 per cent of regular gamblers and account for about \$3.5 billion dollars, or one-third of the gambling industry's market in expenditure annually;
- problem gamblers lose around \$12 000 each per year, compared with just under \$650 for other gamblers;
- the incidence of problem gambling varies by mode. It is highest for poker machines and racing, and lowest for lotteries;
- 5 to 10 other people can be directly affected to varying degrees by the behaviour of a problem gambler;
- 4.7% of those who actually played a poker machine developed a gambling problem.<sup>3</sup>

2.2 Table 5.6 of the Productivity Commission Report provides data regarding the number and spending of problem gamblers as follows:<sup>4</sup>

---

<sup>2</sup> Productivity Commission, *Australia's Gambling Industries*, Report No. 10, 26 November 1999

<sup>3</sup> op. cit. Productivity Commission (26 November 1999) pp. 2, 21, 22, 23, 6.5.4

<sup>4</sup> op. cit. Productivity Commission (1999) p. 5.15

**Table 5.6 The number and spending of problem gamblers<sup>a</sup>**

		<i>Moderate</i>	<i>Severe</i>	<i>All problem gamblers</i>
Number	No.	163 388	129 348	292 736
Per cent of adults	%	1.2	0.9	2.1
Per cent of gambling expenditure	%	8.3	24.8	33.0
Per person spending	\$	5 443	20 662	12 168

<sup>a</sup> The number of people involved, and the shares of expenditure are from the Commissions' 1999 *National Gambling Survey*. The dollar values of expenditure are based on annual gambling expenditure for 1997-98. Source: PC *National Gambling Survey* and PC estimates.

2.3 Table 5.7 of the Productivity Commission Report also provides data on the share of spending or losses accounted for by problem gamblers by different gambling products as follows:<sup>5</sup>

**Table 5.7 Share of spending (loss) accounted for by problem gamblers by different gambling products, 1997-98**

	<i>Annual spending (\$ million)</i>			<i>Share of spending (per cent)</i>		
	<i>Australians (1997-98)<sup>p</sup></i>	<i>Moderate problem gamblers</i>	<i>Severe problem gamblers</i>	<i>Moderate problem gamblers</i>	<i>Severe problem gamblers</i>	<i>All problem gamblers</i>
	\$m	\$m	\$m	%	%	%
Wagering	1 600	152	377	9.5	23.5	33.1
Lotteries	1 179	43	24	3.7	2.1	5.7
Scratchies	246	28	19	11.3	7.8	19.1
Gaming machines <sup>a</sup>	6 401	554	2 156	8.7	33.7	42.3
Casino games <sup>b</sup>	895	73	22	8.2	2.5	10.7
Other	449	38	74	8.5	16.5	25.0
<b>All gambling<sup>b</sup></b>	<b>10 771</b>	<b>889</b>	<b>2 673</b>	<b>8.3</b>	<b>24.8</b>	<b>33.0</b>

<sup>a</sup> Includes gaming machine expenditure in casinos. <sup>b</sup> Excludes tourist expenditure.

Source: PC *National Gambling Survey* and appendix P.

### 3. How the Industry Works

3.1 A more recent report prepared by Drs Livingstone and Woolley entitled "*Risky Business: A Few Provocations on the Regulation of Electronic Gaming Machines*",<sup>6</sup> suggests that problem or at-risk gamblers spent about 53 per cent (AU \$1.3 billion) of the money expended on hotel and club electronic gaming machines (EGMs) in 2005-

<sup>5</sup> op. cit. Productivity Commission (1999) p. 5.15

<sup>6</sup> p.cit. Livingstone, C., Woolley, R., (2007) p. 361-376

2006, (as compared with 33.7 per cent and 8.7 per cent for severe and moderate problem gamblers reported by the Productivity Commission in 1999).<sup>7</sup>

3.2 Livingstone and Woolley also provided an analysis of other more recent data which also pointed to a number of interesting findings, including:

- the near-miss effect, related to the reel-symbol ratio of EGM devices has been found to be associated with the development of excessive gambling in experimental groups;
- studies that have manipulated 'spin speed' or length of game cycle have shown that faster speeds are associated with an increased risk of excessive gambling;
- speed of play has been found to predict problem gambler status;
- lowering the bet size would reduce the level of harm associated with gambling;
- by comparing play on modified machines it was found that modified EGMs reduced time spent gambling, the number of bets and losses;
- more than three times as many problem gamblers (7.5%) as recreational players (2.3%) placed maximum bets in excess of AU\$1.00 and the preference for relatively large bets was a predictor of gambling problems and severity;
- the availability of banknote acceptors (BNAs) and multiple line betting significantly increased gambling turnover;
- 22% of problem gamblers used high-denomination BNAs compared to 10% of non-problem gamblers;
- Current configurations of EGM technology provide an unsafe mode of rapid and expensive consumption;
- 75 per cent of gamblers failed to notice modifications to spin rates, BNAs and maximum bet sizes;

---

<sup>7</sup> op. cit. Livingstone, C., Woolley, R., (2007) p. 365

- whilst reducing maximum bet limits produced a positive harm minimisation effect, this did not appear to reduce amenity for gamblers;
- problem gamblers played more quickly than non-problem gamblers;
- slower game cycles had a small negative impact on enjoyment but this did not reduce intentions to continue gambling;
- limiting the rate at which gambling losses occur can reduce the potential for excessive gambling;
- with the added benefit that if BNA parameters and maximum bet sizes are coordinated, no reduction in amenity for non-problem gamblers is expected.<sup>8</sup>

3.3 In their report, Livingstone and Woolley argue that the proliferation of EGMs in Australian club and hotel venues is “*generating revenues of billions of dollars annually and account[s] for the majority of gambling expenditure*”; that these revenues “*rely on unsafe consumption practices, generating considerable harm*”; and that “*clear evidence is available describing unsafe levels of EGM consumption by regular EGM consumers in hotels and clubs, and indicating modifications to the EGM technology and systems to minimize harm*”.<sup>9</sup>

3.4 However they say, there is a ‘comfortable orthodoxy’, the discourse of ‘business as usual’ that perpetuates current arrangements, focussing on the ‘problem’ gambler as an ‘individualized flawed consumer’<sup>10</sup> - a classic example of blaming the person and not the product.

3.5 As Livingstone and Woolley argue, “*the marketing and distribution of EGMs is neither accidental nor something for which the individual is responsible, and neither is the safeguarding of oneself from the harm produced by goods licensed by Government*”.<sup>11</sup>

---

<sup>8</sup> op. cit. Livingstone, C., Woolley, R., (2007) p 367-369

<sup>9</sup> op. cit. Livingstone, C., Woolley, R., (2007) p. 361

<sup>10</sup> ibid

<sup>11</sup> ibid

- 3.6 They say the *“pursuit of a goal of safe consumption for all EGM gamblers requires disruption of the discourse of ‘business as usual’”*.<sup>12</sup>
- 3.7 Senator Xenophon and the Australian Greens agree with Livingstone and Woolley that the *“appropriate balance has not been found between liberalisation and regulation in EGM gambling in hotels and clubs”*.<sup>13</sup> We share their concern that *“current configurations of EGM technology and the EGM commercial system produce unacceptable levels of harm”*<sup>14</sup> and agree that *“this imbalance cannot be corrected by post harm-production interventions, yet feasible supply-side harm reduction measures are ignored. Instead, the responsibility and cost of EGM-related harm are sheeted home to individual gamblers.”*<sup>15</sup>
- 3.8 Taken together, these arrangements represent a ‘comfortable orthodoxy’ that *“supports the maintenance of current EGM arrangements in Australia, masking a level of harm production that would not be acceptable in other consumer markets”*.<sup>16</sup>
- 3.9 The current regulatory approach within Australia can be summarised as one in which:
1. Only a small proportion of gamblers suffer harmful consequences from EGM gambling;
  2. Current EGM arrangements are safe: gamblers are the problem;
  3. Current EGM arrangements should not be altered as this would reduce the enjoyment of those who are not troubled;
  4. The worlds of EGM gamblers are well understood, and their voices are heard in the framing of policy and regulation.<sup>17</sup>
- 3.10 This ‘comfortable orthodoxy’ has two main themes. First, it takes gambling, an acknowledged *“risky diversion to the usual standards of consumer safety. Second, it represents individuals as freely choosing, well informed of this risk”*.<sup>18</sup>

---

<sup>12</sup> *ibid*

<sup>13</sup> *ibid*

<sup>14</sup> *ibid*

<sup>15</sup> *ibid*

<sup>16</sup> *ibid*

<sup>17</sup> *op. cit.* Livingstone, C., Woolley, R., (2007) p. 362

<sup>18</sup> *ibid*

- 3.11 Livingstone and Woolley conclude this ‘comfortable orthodoxy’ doesn’t “deny problem gambling but it does exclude upstream issues of harm causation from discourse while privileging down-stream treatment based responses.” That’s why they call this ‘comfortable orthodoxy’, ‘business as usual’.
- 3.12 Another, less academic way of looking at it can be found in the old adage ‘it’s much better to have a fence at the top of a cliff, rather than the best equipped ambulance at its base’, or to put it even more simply, ‘prevention is better (and cheaper) than cure’. There are compelling arguments that for too long the legislative, regulatory and policy framework has been less about building fences and more about acquiring increasing numbers of ambulances. This view was also supported during evidence by Mr Mark Longmuir, Manager of Anglicare Victoria, Community Services, when he said, “*we need to be building a fence at the cliff edge, rather than adopting the current approach of funding lots of ambulances at the base of the cliff to deal with the issue.*”<sup>19</sup>
- 3.13 Part of the ‘business as usual’ approach stems from the industry’s argument (which is seemingly subsumed in the regulatory framework), that transfers responsibility for the harm caused by poker machines to individual players/consumers, as a matter of ‘individual choice’. This argument is commonly evoked with the phrase ‘no-one is forced to use poker machines’<sup>20</sup> – that somehow the devastation caused to hundreds of thousands of Australians (through family break-up, crime, bankruptcy, depression and most tragically of all, suicide) are an inevitable but acceptable cost of doing business.<sup>21</sup>
- 3.14 Another assertion raised by the gambling industry is that problem gambling levels have decreased.<sup>22</sup> This claim is fundamentally misleading for two reasons. Firstly, the ‘screen’ to measure problem gambling has changed from the South Oaks Gambling Screen (SOGS) to the Canadian Problem Gambling Index (CPGI). CPGI is considered by many experts as a more superior test to SOGS. However, the two cannot be compared in a direct sense, which appears to be what the industry is attempting to do.

---

<sup>19</sup> *Committee Hansard*, Thursday 11 September 2008, p. 20

<sup>20</sup> *op. cit.* Livingstone, C., Woolley, R., (2007) p. 363

<sup>21</sup> *ibid*

3.15 Secondly, under the SOGS test, a score of 5 or more indicates a gambling problem. Under the CPGI screen, a score of 3 or more is accepted as reaching a problem gambling threshold.

3.16 A recent discussion paper of the Independent Gambling Authority of South Australia (IGA)<sup>23</sup> states:

*In conducting their work<sup>24</sup> the researchers applied the national definition of problem gambling<sup>25</sup>, and have classified as problem gamblers identify persons scoring 3+ on Canadian Problem Gambling Index (consistent with the most recent South Australian population survey).<sup>26</sup>*

3.17 However, in a report commissioned by the New South Wales Office of Liquor, Gaming and Racing entitled, "*Prevalence of Gambling and Problem Gambling in NSW – A Community Survey 2006*"<sup>27</sup> - which the industry has relied on heavily when making assertions regarding the levels of problem gambling, problem gambling is only defined as a score of 8 or more on the CPGI. A score of 3 - 7 is defined as 'moderate risk' gambling rather than problem gambling.<sup>28</sup>

3.18 The gambling industry argument fails to take into account that even a gambler at 'moderate risk' under the CPGI screen is still an at risk problem gambler. This view was supported by the evidence of Mr Phillip Ryan, Chief Executive Officer of Responsible Gambling Networks, when he stated:

---

<sup>22</sup> See for instance, Australian Gaming Council, *Submission 26*, p.4; Tabcorp, *Submission 6*, p.4; evidence of Clubs Australia, *Committee Hansard*, Friday, 12 September 2008, p.14; evidence of Australian Hotels Association, *Committee Hansard*, Friday, 12 September 2008, p.2.

<sup>23</sup> Game Approval Guidelines Consultation, Guide for Participation, 20 February 2008 available at: <http://www.iga.sa.gov.au/pubcons/gagc/2008-GAG-website.pdf>

<sup>24</sup> This is a reference to the "*The Relevance and Role of Gaming Machine Games and Game Features on the Play of Problem Gamblers*" report, prepared for the Independent Gambling Authority of South Australia by the Australian Institute for Primary Care (AIPC) La Trobe University, 2008.

<sup>25</sup> As adopted by the Ministerial Council on Gambling —“Problem Gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others or for the community.”

<sup>26</sup> op. cit. Independent Gambling Authority of South Australia (20 February 2008) p. 3

<sup>27</sup> Nielsen, AC., New South Wales, 27 March 2007

<sup>28</sup> op. cit. Nielson, AC. (27 March 2007) p. 19



---

*The argument that problem gambling impacts only 2 per cent of the population is fallacious...it does not reflect the high volume of turnover on the machines by problem gamblers or highly at-risk gamblers; nor does it reflect the true lifetime rate of problem gambling, which is usually five times the level of the instantaneous rate as measured in a survey at any one point in time and that the lifetime rate is typically 10 per cent if the instantaneous rate is 2 per cent; nor does it acknowledge the significant number of people impacted upon by problem gamblers.<sup>29</sup>*

- 3.19 Statistics reveal that gambling losses, including poker machines, have continued to increase.<sup>30</sup> The only exception to this followed the introduction of smoking bans introduced in various states, starting with Victoria in 2002. Based on the evidence available, smoking bans has been the only measure that has resulted in any decrease in losses from gambling.
- 3.20 There is now an overwhelming body of evidence of the harm caused by poker machines. Senator Xenophon and the Australian Greens believe this places onto all legislators an obligation to take urgent action to reduce the harm caused. A number of measures could be implemented now as an interim harm reduction strategy pending the outcome of the Productivity Commission Inquiry (which is due to report by the end of next year).
- 3.21 It is clear from this information that the industry could take significant steps to minimise the harm experienced by problem gamblers without impacting on the amenity and enjoyment of other users.

#### **4. Poker Machine Design & Disclosure of Information by the Industry**

- 4.1 The Committee heard evidence about the addictive nature of poker machines. For instance, Sue Pinkerton, President of Duty of Care, talked about the “*purposeful design*

---

<sup>29</sup> *Committee Hansard*, Thursday, 11 September 2008, p. 42

<sup>30</sup> See Appendix 1, Source: *Australian Gambling Statistics 1980-81 to 2005-06*, 24th edition 2007, Prepared by the Office of Economic and Statistical Research. See also *Duty of Care Submission 13*, June 2008, p. 4, where President, Sue Pinkerton, states: “*In most states and countries that have introduced a smoking ban, annual gambling machine profits for all but the 2 years following the implementation of the smoking ban, grow by approximately 10% per year.*”

*of gambling machines*”<sup>31</sup> and the promotion of an “*unsafe product as a safe, fun-filled form of entertainment*”.<sup>32</sup>

- 4.2 The issue of poker machine design and the disclosure or lack thereof of information by the industry was also canvassed by Livingstone & Woolley in a report prepared for the Independent Gambling Authority of South Australia in 2008.<sup>33</sup>
- 4.3 They stated that a major gap in publicly available research is the effect of particular configurations of reinforcement schedules, which constitute the core technology of EGMs.<sup>34</sup> In that report, Livingstone and Woolley highlighted the need for detailed information relating to the relationships between reinforcement schedules, machine volatility, particular pay tables and prize allocations, actual gambler behaviour and the development of gambling problems.<sup>35</sup>
- 4.4 Representatives from Gaming Technologies Association (GTA, formerly AGMMA) gave evidence that reinforcement schedules did not exist. Mr Gibson described as a ‘nonsense’ the notion that that the poker machine industry utilises “*a schedule that predetermines the rate of a machine granting small wins during play that is designed to keep the player hooked on the machine*”.<sup>36</sup> He stated that reinforcement schedules do not exist and claimed that they were a “*figment of Dr Livingstone’s imagination.*”<sup>37</sup>
- 4.5 This evidence is in stark contrast to that subsequently provided by Dr Livingstone who, in his second submission<sup>38</sup> to the Committee, refers to a report<sup>39</sup> commissioned by the AGGMA (now TGA) refuting the conclusions drawn in the IGA Report as prepared by Drs Livingstone & Woolley.

---

<sup>31</sup> Duty of Care *Submission 13*, June 2008, p.8

<sup>32</sup> *ibid*

<sup>33</sup> Livingstone, C., Woolley, R., Zazryn, T., Bakacs, L & Shami, R., *The Relevance and Role of Gaming Machine Games and Game Features on the Play of Problem Gamblers*, Independent Gambling Authority South Australia, Adelaide, 2008.

<sup>34</sup> *op. cit.* Livingstone, C., Woolley, R., Zazryn, T., Bakacs, L & Shami, R. (2008) p. 8

<sup>35</sup> *op. cit.* Livingstone, C., Woolley, R., Zazryn, T., Bakacs, L & Shami, R. (2008) p. 8-9

<sup>36</sup> *Committee Hansard*, Friday, 12 September 2008, p. 57

<sup>37</sup> *Committee Hansard*, Friday, 12 September 2008, p.58

<sup>38</sup> Livingstone, C. *Submission 18*

<sup>39</sup> Blaszczyński, A., Nower, L., Final Report, 2008

4.6 In that report, Drs Blaszcynski and Nower's state that:

*EGMs are popular, in part, because they contain certain basic core technology that is attractive to players: a machine containing mechanical or video display reels that spin on the push of a handle or button, whose outcome is determined randomly resulting in a random ratio schedule of reinforcement.*<sup>40</sup>

4.7 In a letter to Dr Livingstone dated 3 October 2008, Mr Robert Chappell, Director of the IGA also stated that both Mr Gibson and the GTA should understand the concept (of reinforcement schedules) better, given that on 29 April 2008, a similar submission was made by the AGMMA's Queen's Counsel before the Authority.<sup>41</sup> At that hearing, Mr Chappell indicated as follows:

*...for sake of clarification, I suggested there was disingenuousness about AGMMA saying that there was no such thing as a reinforcement schedule, and that there did not need to be a piece of paper headed "reinforcement schedule" if such a schedule could be derived from the game mathematics.*<sup>42</sup>

4.8 The GTA has now indicated in its evidence a willingness to provide further information from its members.<sup>43</sup> Should such information requested by Drs Livingstone and Woolley be provided to them their analysis and conclusions as to the relationship between specific aspects of machine design and any links with problem gambling ought to be revisited by this Committee.

## **5. Volatility of Machines**

5.1 It is a requirement in all States and Territories that poker machines provide a minimum 'return to player' percentage of the amount bet on a poker machine.<sup>44</sup> This requirement is inherently misleading and deceptive to gamblers. The fact that the return to player percentage can vary in jurisdictions up to 15 per cent, and that the percentage is generally based on either the life of the machine, the type of game, or even an average

---

<sup>40</sup> op. cit. Blaszcynski, A., Nower, L. (2008) p.9

<sup>41</sup> Livingstone, C. *Submission 18*, p.8

<sup>42</sup> Livingstone, C. *Submission 1*, p. 8

<sup>43</sup> *Committee Hansard*, Friday, 12 September 2008, p. 60-61

<sup>44</sup> See for instance, schedule 1, *Gaming Machines Act 1992 (SA)*; section 11, *Gaming Machines Act 1991 (QLD)*; section 7.5.1, *Gaming Regulation Act 2003 (VIC)*

of machines at a particular venue, provides an illusion to players that somehow, sooner rather than later, they will get most of their money back.

- 5.2 The high volatility of machines has been identified by Livingstone and Woolley as an integral part of the core elements that can lead to, or exacerbate, problem gambling.<sup>45</sup>

## 6. Access to cash through ATMs

- 6.1 As previously mentioned, the Productivity Commission last reported on the issue of gambling in 1999. In its *National Gambling Survey*, the Productivity Commission found that problem gamblers were significantly more likely than non-problem players to withdraw money from an ATM at a venue whilst playing poker machines.<sup>46</sup>
- 6.2 In assessing the degree to which problem gamblers use ATMs relative to recreational gamblers, the Productivity Commission found that the large bulk of recreational players never used an ATM at a venue when playing the poker machines, while the large bulk of problem gamblers did use an ATM, with one in five problem gamblers always doing so.<sup>47</sup> At table 16.7 of the Report, the questions was asked, “*How often do you withdraw money from an ATM at a venue when you play the poker machines?*”. In response, 78.2% of non-problem players said ‘never’, 11.8% said ‘rarely’ and 5% said ‘sometimes’. Only 1.4% said ‘often’, 3.2% said ‘always’ and 0.4% could not say. For problem gamblers with a SOG score of 5 and above, which is the threshold for problem gambling, 34.6% said ‘never’, 12.4% said ‘rarely’, 15.1% said ‘sometimes’, 16.5 % said ‘often’ and 21.3% said ‘always’. In relation to problem gamblers with a SOGS score of 10-plus, 18.2% said ‘never’, 7% said ‘rarely’, 16.1% said sometimes, 34.8% said ‘often, and 23.9% said ‘always’.<sup>48</sup>

---

<sup>45</sup> op.cit. Livingstone, C., Woolley, R., (2007) pp. 361-376

<sup>46</sup> op. cit. Productivity Commission (1999) p. 44

<sup>47</sup> op. cit. Productivity Commission (1999) p.16.61.

<sup>48</sup> ibid. The South Oaks Gambling Screen (SOGS) is a particular set of questions that is used to determine whether a person is a problem gambler. A score of 5 or more suggests a person is a problem gambler and a score of 10 or more suggests a person is a severe problem gambler.)

**Table 16.7 How often do you withdraw money from an ATM at a venue when you play the poker machines?**

	<i>Never</i>	<i>Rarely</i>	<i>Some-times</i>	<i>Often</i>	<i>Always</i>	<i>Can't say</i>	<i>Total</i>
	%	%	%	%	%	%	%
Non-problem players	78.2	11.8	5.0	1.4	3.2	0.4	100.0
Problem gamblers (SOG 5+)	34.6	12.4	15.1	16.5	21.3	0.0	100.0
Problem gamblers (SOGS 10+)	18.2	7.0	16.1	34.8	23.9	0.0	100.0

Source: PC National Gambling Survey.

- 6.3 Overall, problem gamblers surveyed by the Commission ranked ‘ATM location’ as one of the most important issues for effective harm minimisation with 37.8% of problem gamblers (SOG 5+) and 58.7% of problem gamblers (SOGS 10+) reporting that they often or always withdrew money from an ATM at a venue when playing poker machines compared to 4.6% of non-problem players.<sup>49</sup>
- 6.4 The more recent report “*The Use of ATMS in ACT Gaming Venues: An Empirical Study*”,<sup>50</sup> commissioned by the ACT Gambling and Racing Commission and published in September 2004, found that regular and problem gamblers access ATMs at gaming venues more frequently than recreational and non-gamblers.<sup>51</sup>
- 6.5 It also showed that a significant 60% of self-identified problem gamblers usually access ATMs at clubs. This is compared with only 25% of regular gamblers, 12.7% of recreational gamblers and 5.2% of non-gamblers who reported accessing an ATM at a club. Sixty per cent of those self-identified problem gamblers also reported withdrawing more than \$100 as compared with ATM withdrawals of less than \$100 for all other gambler groups.<sup>52</sup>
- 6.6 The Tasmanian experience also highlights the benefits of removing ATMs from licensed venues. Unlike other States and Territories, Tasmania doesn’t have ATMs in its pubs and clubs and their losses per capita are significantly less than the rest of the

<sup>49</sup> op. cit. Productivity Commission (1999) p. 44-45

<sup>50</sup> McMillen, J., Marshall, D., Murphy, L., *The Use of ATMs in ACT Gambling Venues: An Empirical Study*, Australian National University Centre for Gambling Research, September 2004

<sup>51</sup> op. cit. McMillen, J., Marshall, D., Murphy, L. (2004) p. 11

<sup>52</sup> *ibid*

country. For instance, figures from the 24<sup>th</sup> edition of *Australian Gambling Statistics*<sup>53</sup> show that for 2005-2006, the turnover per machine in Tasmania was \$397 095 compared with \$582 549 for South Australia, \$573 759 for New South Wales and \$900 293 for Victoria. The turnover for gaming machines per capita for Tasmania was \$2575 compared with \$6100 for South Australia, \$6 274 for Victorian and \$10 848 for New South Wales.<sup>54</sup> While there are other influences that may have had an impact on these figures, the absence of ATMs must be a significant factor.

- 6.7 Throughout the Inquiry, access to cash through ATMs was also highlighted as a key issue for problem gamblers using poker machines. In addition to evidence received from welfare organisations, gambling counsellors and researchers, Mr Chappell of the Independent Gambling Authority in South Australia indicated that access to cash was a critical factor in people controlling their behaviour, stating that:

*It is quite clear that access to cash it is a clear and burning issue and, in the absence of any other way of giving people the means of controlling their behaviour in-venue, access to cash is an excellent proxy for giving people the ability to commit to expenditure.*<sup>55</sup>

- 6.8 Dr Livingstone also stated that:

*...almost all problem gamblers to whom I have spoken say that they always try to limit their expenditure, but they cannot because of the ready availability of access to cash through ATMs and so on. There is no doubt that removing ATMs would have a big impact on the expenditure of people like that. It seems pretty clear that limiting access to cash facilities would have a big impact. Would they turn to an alternative form of gambling? The evidence does not support that. Eighty-five per cent of the gambling problems in Australia are clearly attributable to poker machines. That has been validated endlessly in every prevalence study that has been undertaken over the past 10 years and longer.*<sup>56</sup>

---

<sup>53</sup> The Office of Economic and Statistical Research (OESR) 2007, Queensland Treasury

<sup>54</sup> op.cit. The Office of Economic and Statistical Research (OESR) (2007)

<sup>55</sup> *Committee Hansard*, Thursday, 16 October 2008, p. 2

<sup>56</sup> *Committee Hansard*, Thursday, 11 September 2008, p. 3

- 6.9 He considered this approach as “*almost a classic harm minimisation strategy to make it harder for people to get access to their cash*”,<sup>57</sup> and that “*for a large proportion of problem gamblers it would have an immediate and beneficial impact.*”<sup>58</sup>
- 6.10 Professor Hancock reiterated the same views when she said that limiting access to cash is fundamental to protecting players.<sup>59</sup>
- 6.11 It is acknowledged that the removal of ATMs from gambling venues alone will not eliminate problem gambling. However, at the very least, by limiting access to cash inside a venue, gamblers will, in many instances, have time to reflect on their actions and think twice about withdrawing money from an ATM at another location to continue gambling. This view is supported by problem gamblers who often describe being in a trance like state when playing poker machines. For instance, at a hearing of the Select Committee on Gaming Licensing in Victoria,<sup>60</sup> Ms Gabriela Byrne, a former problem gambler stated that, “*that is why I think taking ATMs out – by the time you walk somewhere to draw out money, you have a chance to come back to your senses, if that makes sense.*”<sup>61</sup>
- 6.12 Simply limiting the amount of money that can be withdrawn from ATMs does not go far enough, as this does not prevent problem gamblers from accessing cash through separate transactions or through the use of multiple cards.
- 6.13 As highlighted by Ms Sue Pinkerton, President of Duty of Care:

*Most people who develop an addiction to ‘pokies’, access to cash is tantamount. I did not just go once with the money that I could afford to spend; I would keep on going back. When I was gambling in South Australia they already had in force the \$200 per transaction rule. I would make anything up to five or six visits to the ATM in a session to get another \$200.*<sup>62</sup>

---

<sup>57</sup> *Committee Hansard*, Thursday, 11 September 2008, p. 11

<sup>58</sup> *Committee Hansard*, Thursday, 11 September 2008, p. 11

<sup>59</sup> *Committee Hansard*, Thursday, 11 September 2008, p. 3

<sup>60</sup> *See Committee Hansard*, Melbourne, Victoria, Tuesday, 12 February 2008

<sup>61</sup> *Committee Hansard*, Melbourne, Victoria, Tuesday, 12 February 2008, p. 7

<sup>62</sup> *Committee Hansard*, Thursday, 11 September 2008, p. 57

6.14 On this basis, Senator Xenophon and the Australian Greens recommend that legislation should be enacted to require that ATMs are removed from gambling venues.

## 7. Smart Card Technology

7.1 The Committee received submissions and heard evidence on the issue of Smart Card technology and, in particular, player pre-commitment.

7.2 During evidence, Mr Phillip Ryan, Chief Executive Officer of Responsible Gambling Networks, talked in some length about the benefits of player pre-commitment, which he described as the “*combined seatbelt and airbag to protect all player-machine players from a potential financial crash*”.<sup>63</sup> He stated that:

*Player pre-commitment, is the only rational means by which players can protect themselves from all the collective aggressive marketing of venues, the exploitative behaviours of operators, and the razzamatazz of new poker machines, once they enter a venue. The grate advantage of player pre-commitment as a public policy solution is that once it is implemented, it does not matter what the operators, the venues, the banks or the machine manufacturers subsequently attempt to do to entice more money from you, they cannot make you change your mind about purchasing behaviour once you enter their gambling venue.*<sup>64</sup>

7.3 While Mr Ryan supported the movement towards player pre-commitment, he also highlighted some of the concerns raised over smart card technology, such as, “*problem gamblers are highly intelligent. They will find a way to get two or three smart cards. Problem gamblers learn how to fool people. They are highly intelligent in shuffling accounts.*”<sup>65</sup>

7.4 Player pre-commitment has the potential to form a useful part of a harm minimisation strategy, provided that the issues of privacy and security can be resolved. A biometric technology may provide a means of ensuring that problem gamblers cannot use

---

<sup>63</sup> *Committee Hansard*, Thursday, 11 September 2008, p. 40

<sup>64</sup> *Committee Hansard*, Thursday, 11 September 2008, p. 40

<sup>65</sup> See *Committee Hansard*, Thursday, 11 September 2008, p. 41, where Mr Ryan refers to comments made by Mr Anthony Sobb, CEO of Fairfield RSL Club, on the introduction of smart cards, as published in *The Fairfield Advance* newspaper on 19 February 2008.



---

multiple cards or devices to get around the system. We believe that the privacy safeguards and the relative efficacy of biometric smart cards, USB player protection keys and other similar technologies should be evaluated as a matter of urgency.

## **8. Conclusion**

8.1 The majority report concludes that in view of the anticipated Productivity Commission Inquiry into Australia's gambling industries, the three bills introduced into the Senate by Senators Fielding and Xenophon not be passed at this time.

8.2 The Committee has heard about the impact of problem gambling and the harm caused by poker machines and it is abundantly clear on the strength of this evidence that the Productivity Commission will find that significant harm is being caused by poker machines. There are a number of measures which could be implemented immediately as interim harm reduction steps pending the outcome of the Productivity Commission Inquiry (which is due to report by the end of next year).

- The first is the removal of ATMs from gambling venues.
- The second is the complete banning of banknote acceptors on poker machines. There is no valid reason why poker machines in some State and Territories ought to have banknote acceptors.
- Further consideration should also be given to an appropriate form of pre-commitment technology such as biometric pre-commitment solution provided that privacy concerns are effectively addressed.
- Measures should also be implemented to slow down the rate of play and limit the maximum bets per spin on poker machines, as well as limits on jackpots.

8.3 These are all measures that have the potential to reduce the level of problem gambling, and the rates of losses of existing problem gamblers, without materially affecting the amenity of the majority of players. Senator Xenophon and the Australian Greens do not accept that the Committee should wait for the Productivity Commission to report on its findings before recommending these sorts of measures. The harm caused by poker machines is well established. Senator Xenophon and the Australian Greens believe that

there is no reason to delay acting on these issues, and recommend that immediate action is taken as suggested to minimise the harm experienced by problem gamblers.

- 8.4 There has been little action to combat the effects of problem gambling by State Governments who rely so heavily on gambling revenue and seem incapable of overcoming their own addiction to it – despite the high level of cost problem gambling imposes upon the community. The exception of Western Australia (which does not have poker machines in its hotels and clubs), provides sufficient evidence that poker machines are not a ‘necessary evil’. Senator Xenophon and the Australian Greens recommend that immediate action should be taken by the Commonwealth to address this issue.



Senator Nick Xenophon  
Independent  
South Australia

Senator Rachel Siewert  
Australian Greens  
Western Australia

**Expenditure on Poker Machines \$m**

	NSW		Victoria		Queensland		South Australia		Tasmania		Australian Capital Territory		Northern Territory	
	Actual	Real (a)	Actual	Real (a)	Actual	Real (a)	Actual	Real (a)	Actual	Real (a)	Actual	Real (a)	Actual	Real (a)
1980-81	602.285	1,847.984	-	-	-	-	-	-	-	-	12.002	36.825	-	-
1981-82	642.200	1,784.510	-	-	-	-	-	-	-	-	13.842	38.463	-	-
1982-83	640.653	1,596.632	-	-	-	-	-	-	-	-	16.636	41.459	-	-
1983-84	672.148	1,567.570	-	-	-	-	-	-	-	-	21.104	49.219	-	-
1984-85	717.407	1,604.643	-	-	-	-	-	-	-	-	25.173	56.306	-	-
1985-86	756.889	1,561.663	-	-	-	-	-	-	-	-	27.696	57.145	-	-
1986-87	853.667	1,611.183	-	-	-	-	-	-	-	-	28.723	54.211	-	-
1987-88	955.057	1,679.239	-	-	-	-	-	-	-	-	38.661	67.977	-	-
1988-89	1,220.440	1,999.241	-	-	-	-	-	-	-	-	52.129	85.393	-	-
1989-90	1,336.790	2,027.242	-	-	-	-	-	-	-	-	61.107	92.669	-	-
1990-91	1,555.450	2,240.646	8.924	12.855	-	-	-	-	-	-	68.235	98.293	0.245	0.353
1991-92	1,647.621	2,329.171	32.463	45.891	27.981	39.556	-	-	-	-	74.894	105.874	3.163	4.471
1992-93	1,811.385	2,534.686	255.243	357.163	239.408	335.005	-	-	-	-	78.115	109.307	3.563	4.986
1993-94	1,950.045	2,679.876	679.663	934.037	338.720	465.491	-	-	-	-	99.710	137.028	3.494	4.802
1994-95	2,214.359	2,948.266	908.146	1,209.134	391.210	520.869	185.415	246.867	-	-	108.563	144.544	3.600	4.793
1995-96	2,397.475	3,062.346	1,246.309	1,591.937	450.529	575.470	319.229	407.758	-	-	117.518	150.108	6.384	8.155
1996-97	2,484.320	3,132.381	1,455.797	1,835.557	519.003	654.390	364.255	459.275	5.537	6.981	118.913	149.933	15.373	19.383
1997-98	2,989.084	3,769.602	1,711.290	2,158.147	602.295	759.568	394.629	497.676	23.666	29.846	127.163	160.368	19.731	24.883
1998-99	3,487.487	4,341.288	1,954.192	2,432.614	757.411	942.839	442.466	550.790	39.291	48.910	147.193	183.229	24.297	30.245
1999-00	3,882.199	4,720.268	2,170.560	2,639.129	871.303	1,059.395	485.987	590.899	60.773	73.892	156.835	190.692	26.474	32.189
2000-01	4,119.488	4,726.464	2,366.042	2,714.661	1,014.000	1,163.405	543.469	623.545	80.988	92.921	167.610	192.306	27.992	32.116
2001-02	4,306.997	4,804.385	2,562.876	2,858.846	1,129.402	1,259.829	606.814	676.891	98.821	110.233	174.402	194.543	36.870	41.128
2002-03	4,459.395	4,825.310	2,334.322	2,525.865	1,277.604	1,382.438	669.075	723.976	111.768	120.939	182.553	197.532	42.041	45.491
2003-04	4,673.437	4,940.584	2,290.934	2,421.890	1,498.979	1,584.665	723.604	764.967	123.664	130.733	191.712	202.671	45.000	47.572
2004-05	4,914.997	5,072.197	2,393.024	2,469.562	1,677.468	1,731.120	749.251	773.215	125.714	129.735	185.182	191.105	49.900	51.496
2005-06	5,023.552	5,023.552	2,472.454	2,472.454	1,775.561	1,775.561	751.032	751.032	109.367	109.367	191.963	191.963	56.834	56.834

(a) Adjusted for inflation using the CPI  
Source: Australian Gambling Statistics 1980-81 to 2005-06, 24th edition 2007, Prepared by the Office of Economic and Statistical Research, Queensland Treasury



**Family First**  
**Dissenting Report**  
**Inquiry into Poker Machine Harm Reduction Tax**  
**(Administration) Bill 2008;**  
**Poker Machine Harm Minimisation Bill 2008;**  
**ATMs and Cash Facilities in Licensed Venues Bill 2008**

Governments in Australia must love poker machines. They are addicted to the money they rake in from pokies and it is obvious governments are not going to do anything that would cut the billions of dollars of revenue they take each year. Somewhere between a third and a half of that pokies cash comes from problem gamblers.

State governments in Australia have ignored problem gamblers and that is why Family First introduced the *Poker Machine Harm Minimisation Bill 2008* and the *Poker Machine Harm Reduction Tax (Administration) Bill 2008*.

Family First is astounded that the Committee has decided to shelve extensive and detailed evidence presented to the Committee in favour of much the same evidence to be produced by the Productivity Commission.

The Productivity Commission report will provide very important and useful information, but it should not be used as an excuse for a lack of action now. One of the reasons some groups have lobbied for a Productivity Commission report is to delay a decision on what to do about poker machines, in the hope that their revenue will be protected.

Dealing with the problem of poker machines has not been high in the priorities of the federal, state and territory governments, with the Ministerial Council on Gambling's meeting on 25 July 2008 being the first meeting since October 2006.<sup>1</sup>

Last year soon-to-be Prime Minister Kevin Rudd said "I hate poker machines and I know something of their impact on families".<sup>2</sup> But there are very strong and entrenched interests which favour the status quo, including the industry and state governments.

---

1 Mr Lewis, Committee Hansard, 25 September 2008, page 1

2 Rudd attacks states over pokies, *The Australian*, 11 September 2007.

Those who deal with the despair of problem gamblers felt there was some hope in the Prime Minister's comment that he hates poker machines, but no action has been taken. Now the Committee has ducked making any recommendations for action on poker machines. Until the government decides to do something, expressions of concern are just words.

The poker machine industry has supported a Productivity Commission inquiry into gambling, in the hope that the passage of time will mean their revenue is safe. Both the Australian Hotels Association<sup>3</sup> and Clubs Australia<sup>4</sup> supported the new Productivity Commission inquiry, yet both also dispute the validity of figures produced by the 1999 Productivity Commission inquiry into gambling.<sup>5</sup> Why would anyone expect them to agree with the outcome of the new inquiry, especially if their business is threatened?

The chairperson of the Gambling Impact Society in NSW commented on the lack of action resulting from the 1999 Productivity Commission report:

It has always rather astonished me that we have such good models in place around drugs, alcohol and tobacco and yet, for some reason, problem gambling has not come under that banner ... I think there are a whole range of other things that need to be happening. We do not as yet have that comprehensive framework. Ironically, it was very clearly recommended in the 1999 Productivity Commission ...<sup>6</sup>

In reaction to Family First's laws the Australian Hotel Association<sup>7</sup> and Clubs Australia<sup>8</sup> have recently recommended harm reduction measures, which begs the question as to why they did not move to introduce these measures earlier.

Poker machines are addictive for players, but they are also addictive for state and territory governments. State government revenue from poker machines and Keno in 2006-07 was almost \$3 billion.<sup>9</sup> Gambling addicted state governments are incapable of weaning themselves off poker machine taxes.

The Committee could easily have made recommendations on automatic teller machines (ATMs) and whether cash withdrawals should be limited or the machines removed from premises that have poker machines. Two of the bills dealt with ATMs

---

3 COAG decision on problem gambling a sensible way forward, media release from the Australian Hotels Association, 4 July 2008.

4 ATM ban as Victoria leads gaming battle, *The Age*, 14 March 2008; Mr Peter Newell OAM, president of Clubs Australia, address to the National Press Club, 22 October 2008.

5 Mr Healey, Committee Hansard, 12 September 2008, page 5, 6; Mr Costello, Committee Hansard, 12 September 2008, page 19.

6 Ms Roberts, Committee Hansard, 12 September 2008, page 49

7 Mr Whelan, Committee Hansard, 12 September 2008, pages 10-11.

8 Mr Peter Newell OAM, president of Clubs Australia, address to the National Press Club, 22 October 2008.

9 *Australian Gambling Statistics 1980–81 to 2005–06*, 24th edition 2007, prepared by the Office of Economic and Statistical Research, Queensland Treasury.

---

and there was extensive evidence provided to the Committee. In the end the Committee put the issue in the too hard basket.

Unless there is federal intervention the policy paralysis at the state level will continue. The states have shown they are incapable of kicking their addiction to pokies. That is why federal intervention is necessary.

### **Family First's plan**

Family First introduced the *Poker Machine Harm Minimisation Bill 2008* and the *Poker Machine Harm Reduction Tax (Administration) Bill 2008*, as part of a plan to address problem gambling.

Family First's *Poker Machine Harm Minimisation Bill* sets out a number of harm minimisation measures.

It will limit the amount of money gamblers can lose and slow down the addictive nature of poker machines, sometimes known as electronic gaming machines (EGMs), by:

- banning multiple line betting and free spins;
- mandating a 5 second delay between spins;
- limiting ATM withdrawals in gambling venues to \$100 a day; and,
- limiting bank note acceptors to denominations of not more than \$20, to a maximum total of \$100.

For cash bets on poker machines:

- bets will be limited to \$1 a spin; and,
- payout prizes will be limited to a maximum of \$1,000.

For those poker machine players who wish to play higher risk poker machines, they can use machines which accept a pre-commitment smart card with a maximum fortnightly monetary credit of \$1,000, which allow:

- Bets over \$1 and up to \$5 a spin; and,
- Payout prizes limited to a maximum of \$2,000.

The legislation uses the powers available to the Federal Government. It uses the corporations power to force poker machine manufacturers and suppliers to modify their machines. It also uses the banking power to deal with automatic teller machines.

Family First's *Poker Machine Harm Reduction Tax (Administration) Bill 2008* deals with the problem of the accessibility of poker machines. It would over time see pokies

out of pubs and clubs and have them restricted to casinos and racetracks, which are dedicated gambling venues.

## Problem gambling

Problem gambling is a important issue, with the Productivity Commission estimating that 293,000 people have a significant gambling problem in Australia.<sup>10</sup> The poker machine industry claims there has been a substantial decline<sup>11</sup> or a halving<sup>12</sup> in the incidence of problem gambling since the Commission's report.

But evidence presented to the Committee by Dr Livingstone explained that:

If you look at the data from the most recent New South Wales prevalence study and compare it to Productivity Commission data from 1999 you see that statistically there is no significant difference between the two. There is certainly no reduction in the rate of problem gambling in New South Wales.<sup>13</sup>

Evidence presented to the Committee estimated problem or at-risk gamblers account for between a third<sup>14</sup> and more than 50 per cent<sup>15</sup> of expenditure on poker machines.

The most recent *Australian Gambling Review* reports that "problem gamblers are estimated to lose \$12,000 per year or a rate of \$250 per week."<sup>16</sup>

A paper published this year in *International Gambling Studies* stated that more than 50 per cent of regular poker machine users are problem gamblers or at risk of becoming problem gamblers. The close link between poker machines and problem gambling is shown by the fact that about 85 per cent of problem gamblers use poker machines.<sup>17</sup>

Counselling group Anglicare testified that:

... approximately 80 per cent of clients presenting to our services with chronic gambling-related behaviours use EGMs as their preferred method of gambling. ... The case studies in our submission have a common theme. An individual develops gambling-related behaviour, which is often fed by easy access to credit, particularly credit cards. They cannot possibly afford

---

10 Productivity Commission, *Australia's Gambling Industries: Final Report*, 26 November 1999, page 5.14.

11 Mr Healey, Committee Hansard, 12 September 2008, page 3

12 Mr Costello, Committee Hansard, 12 September 2008, page 14.

13 Dr Livingstone, Committee Hansard, 11 September 2008, page 4.

14 Independent Gambling Authority, submission 33, attachment 1.

15 Dr Charles Livingstone and Dr Richard Woolley, submission 23

16 Independent Gambling Authority, submission 33, attachment 1.

17 Livingstone, C. and Woolley, R. (2007), 'Risky Business: A Few Provocations on the Regulation of Electronic Gaming Machines', *International Gambling Studies*, 7(3): pages 361-376.



---

this level of credit. They have to declare bankruptcy and also face the double whammy of potential criminalisation as it is an offence to become bankrupt as a result of problem gambling.<sup>18</sup>

... we have people coming in every day who sit in front of you and tell you how they have gambled away the farm, the family home, their marriage, their relationships and their children's future. That is a devastating situation to be in and it is very hard to come back from. Again, I reinforce the need for a preventive approach rather than trying to pick up the pieces all the time.<sup>19</sup>

The difficulties that face problem gamblers extend well beyond financial difficulties, with indications that "... between 60–80% of problem gamblers experience significant depression, anxiety, and suicide ideation."<sup>20</sup>

### **How poker machines contribute to problem gambling**

Poker machines are harmful and can lead to problem gambling because they are designed to extract money from the pockets of players:

The products have had 10 to 15 years of intensive research and millions of dollars have been spent on them in an attempt to try to refine the way they pull money out of players.<sup>21</sup>

One witness argued that it is a normal reaction to poker machines for players to lose control, because that's the way the machines are designed:

... at the moment we have a focus on individuals supposedly able to make responsible gambling decisions, yet the studies that have actually looked at that experience in action for people would suggest that it is normal for people to lose control. This is not necessarily someone who has a major problem, but it is a normal experience that when you are in action with an electronic gaming machine the interaction of that technology with your psychology basically means that it is very hard to make what we would consider an informed decision.<sup>22</sup>

University of Adelaide psychologist, Dr Paul Delfabbro, states that:

EGM players appear to be sensitive to variations in machine events and structural variations in machines. Modern machines, based upon a random ratio schedule of reinforcement, appear to be more effective in maintaining behaviour compared with older models. The classical conditioning explanation relates to the development of associations between gambling

---

18 Mr Longmuir, Anglicare, Committee Hansard, 11 September 2008, page 20.

19 Mr Longmuir, Anglicare, Committee Hansard, 11 September 2008, page 22.

20 Independent Gambling Authority, submission 33, attachment 1.

21 Professor Hancock, Committee Hansard, 11 September 2008, page 3.

22 Ms Roberts, Committee Hansard, 12 September 2008, page 50

---

stimuli (e.g., sounds) and specific physiological responses (e.g., anxiety and arousal), and how these drive people's urge to gamble.<sup>23</sup>

Mr Tim Falkiner said "... the machines destroy many people because they mislead the players into thinking that the odds are better than they are, and that a big win is coming."<sup>24</sup>

Mrs Pinkerton from Duty of Care points out that attempts to influence gamblers go much wider than just the poker machines themselves:

Venue layout and design were precisely and carefully assessed by comparing changes in profits generated. Gaming rooms became places where players were equally stimulated and comfortable. Seat design ensured gamblers remained comfortable for hours at a time. In comparison, McDonald's have seats that you sit on for just 20 minutes and then start to get sore because they want fast turnover of their customers. Baby powder scented cleaning products were found to ensure that women perceived venues as safe and relaxing, nonthreatening. Oxygen piped into the air ensured that gamblers yawned less, stayed longer, and, therefore, spent more money. Machine placement within a venue has become a precise science that ensures each machine generates maximum profits for its owner.<sup>25</sup>

Clearly there is a well thought out plan of attack to wring money from unsuspecting poker machine players.

### **Cost to the community**

The value of poker machines to owners or operators of the machines is easily calculated, but the cost of poker machines to the community is a more elusive number.

One witness pointed out:

... the costs are externalised, borne by members of the community, and they are not aggregated into any sort of calculus that can show what is the cost. The benefits are all accrued to government, to industry and to shareholders, who can count them quite happily.<sup>26</sup>

One of the costs is to the people and organisations who no longer receive the money which instead goes into poker machines:

Within the first 12 months after poker machines were introduced to the states other than New South Wales, community concerns began being heard. Small businesses in South Australia suffered a 15 per cent downturn in profit in the first year. We now have 17 times more money going into poker machines. How much must that be affecting small business profits? Donations to charities and sporting groups dropped significantly. Charity

---

23 Independent Gambling Authority, submission 33, attachment 1.

24 Mr Falkiner, Committee Hansard, 11 September 2008, page 14.

25 Mrs Pinkerton, Committee Hansard, 11 September 2008, page 52

26 Dr Livingstone, Committee Hansard, 11 September 2008, page 8.

---

organisations struggled under an ever-increasing number of individuals and families needing help.<sup>27</sup>

Crime is another concern that results from problem gambling, that is so closely linked with poker machines:

Some studies in New South Wales have shown that perhaps a quarter of the white collar crime in that state can be attributed to gambling. Some studies demonstrated a very high rate of problem gambling for those who are in prison. It is now thought that a high degree of the problems that people have that land them in prison are associated one way or another with gambling issues.<sup>28</sup>

Problem gambling shows up clearly in the people who have been gaoled:

Problem gambling prevalence rates tend to be 10–20 times higher amongst those in correctional institutions than in the general community. Approximately 30% of people with severe gambling problems have committed crimes to support their gambling.<sup>29</sup>

Addressing the problem gambling associated with poker machine use could have a significant impact on crime and the number of people in gaol.

### **Access to poker machines**

Family First's *Poker Machine Harm Reduction Tax (Administration) Bill 2008* would over time see pokies out of pubs and clubs and have them restricted to casinos and racetracks. That's because access to poker machines is such an important factor in poker machine harm.

Professor Hancock from Deakin University stated "there is now a substantial evidence base to establish ... localised access is an issue and harm is exacerbated by the 'suburbanisation' of EGMs in local clubs and hotels."<sup>30</sup>

Dr Zirnsak from the Victorian InterChurch Gambling Taskforce argued that:

... the majority of people would travel relatively short distances, so geographical accessibility is certainly a key factor in the decision to gamble and, from our point of view, also in terms of harm. That is part of what attracts us to a notion of moving to a more destinational gambling model where people are making deliberate choices to travel, rather than through the convenience of a venue simply being on their daily route and people gambling as a result of impulse gambling.<sup>31</sup>

Rev Reynolds from the Social Responsibilities Committee stated that:

---

27 Mrs Pinkerton, Committee Hansard, 11 September 2008, page 52

28 Dr Livingstone, Committee Hansard, 11 September 2008, page 4.

29 Independent Gambling Authority, submission 33, attachment 1.

30 Associate Professor Linda Hancock, submission 24

31 Dr Zirnsak, Committee Hansard, 11 September 2008, page 37

... when a venue is next to the supermarket, opportunistic gambling takes place, especially by those with a problem or a developing problem. However, with destinational gambling it has been shown that when a person has to make a conscious decision to travel to a venue, there is a marked reduction in problem gambling. Whilst the Poker Machine Harm Reduction Tax (Administration) Bill might be an odd way to achieve destinational gambling, it seems to be the only way, while state governments continue to support the gambling industry in its present form and fail to recognise and acknowledge the severe harm the present system does to many people, especially those at the lower socioeconomic levels.<sup>32</sup>

Professors Peter Howat and Bruce Maycock contrast the situation with that in Western Australia, saying "evidence from South Australia, NSW and Queensland indicates that as EGMs have become more available there has been an escalation of problem gambling."<sup>33</sup>

### **Western Australia**

Western Australia offers a useful opportunity to test the danger of allowing poker machines into suburban clubs and pubs, because in WA poker machines are confined to the Burswood Casino.

The Australian Hotels Association agreed that hotels in WA are financially viable, even though they do not have poker machines.<sup>34</sup>

South Australia's Independent Gambling Authority commented that:

... clearly there is less problem gambling in Western Australia because slot machines are confined to the Burswood ... casino and all of the material that I have ever seen suggests that there is a strong relationship between the widespread availability of slot machines in hotels and clubs and problem gambling.<sup>35</sup>

The comparison between problem gambling rates in Western Australia and other states is stark:

The prevalence of problem gambling is around 2% of the adult population. This rate is over twice the rate observed in New Zealand (0.6%). Problem gambling rates tend to be relatively similar across jurisdictions, although the most recent South Australian figure is lower than in other jurisdictions. The lowest prevalence rates have been observed in WA where there are no EGMs in clubs and hotels.<sup>36</sup>

Professor Hancock pointed out that:

---

32 Rev Reynolds, Committee Hansard, 11 September 2008, page 19.

33 Professors Peter Howat and Bruce Maycock, submission 19.

34 Mr Healey, Committee Hansard, 12 September 2008, page 4

35 Mr Chappell, Committee Hansard, 16 October 2008, page 3.

36 Independent Gambling Authority, submission 33, attachment 1.

---

... Victorian GPs are four times more likely to identify patients who present with issues associated with problem gambling than their counterparts in Western Australia ...<sup>37</sup>

Clearly Western Australia offers an important insight to the rest of Australia on what problem gambling rates could be like, if poker machines were restricted to dedicated gambling venues, like casinos and racetracks.

## **Harm minimisation**

Family First's *Poker Machine Harm Minimisation Bill* sets out a number of harm minimisation measures based on solid evidence,<sup>38</sup> and evidence presented to the inquiry supports the measures in the bill such as pre-commitment smart cards and limiting bets to \$1 a spin.

For example, the Victorian InterChurch Gambling Taskforce pointed out that one industry group:

... selectively quotes from Professor Alex Blaszczynski's 2001 report commissioned by the Gaming Industry Operators Group to deter the New South Wales government from introducing certain harm minimisation measures. In his report, Professor Blaszczynski recommended that a \$1 bet limit be introduced as a harm minimisation measure—a step which the industry has yet to introduce and which is not mentioned at all in the use of that research in their submission. Further, the AGMMA submission fails to acknowledge the research that has been conducted in Queensland suggesting that limiting note acceptors to \$20 notes, with a maximum credit of \$100, curbed problem gambling behaviour shortly after it was introduced.<sup>39</sup>

Mr Ryan from Responsible Gaming Networks argued that a pre-commitment system is the way to go:

At the end of the day, what we have is a dangerous product in a dangerous industry with dangerous devices, and we need to let players take control of their spending behaviours. We know that there are some people who will exploit the system, so we need identity devices so that people will not trade their identity. The best academics in the world looking at the best research from Las Vegas say that we need a biometrics system. Fingerprints have been around since the 1930s. The advantage of this device is that you produce your identity to 100 points, you are given this device for free, you scan your fingerprint into the device, and that fingerprint is burnt into the device. It is not stored in any central computer. It is not stored by us, by the

---

37 Associate Professor Linda Hancock, submission 24

38 including, for example, Livingstone, C and Woolley, R, *The Relevance and Role of Gaming Machine Games and Game Features on the Play of Problem Gamblers*. Prepared for the Independent Gambling Authority, South Australia under the auspices of Australian Institute for Primary Care (AIPC), La Trobe University, January 2008.

39 Dr Zirnsak, Committee Hansard, 11 September 2008, page 28

---

government or anyone else. You carry the device with you. You carry your own identity with you.<sup>40</sup>

### *Automatic teller machines*

Family First's *Poker Machine Harm Minimisation Bill* would also limit ATM withdrawals in gambling venues to \$100 a day and another bill would ban ATMs from gambling venues.

The ATM Industry Reference Group told the Committee it was technically possible to "... establish daily withdrawal limits at each venue ..." and withdrawal limits will be established to meet new Victorian Government requirements.<sup>41</sup>

Dr Livingstone told the Committee:

... there is certainly enough evidence to indicate that access to ATMs fuels excess expenditure on the part of problem gamblers in particular. The problem gamblers to whom we have spoken in our studies for South Australia and Victoria have demonstrated that, for the most part, the reason they stop playing machines in a session of play is that they run out of available funds, or they can no longer access any more money from their ATM account, having run to the edge of it.<sup>42</sup>

A counsellor from the Central Coast Problem Gambling Service said that:

Most problem gamblers whom I see report regularly going back and forth to the ATM machine in the gaming venue. For a lot of them the symptoms whilst they are gambling are very similar to those of alcoholism: they go into blackouts, they lose time and they cannot remember their actions, but then when they go and check their ATM withdrawals or their bank account the next day they can see numerous withdrawals from ATM machines that were at the venue.<sup>43</sup>

Putting a daily limit on withdrawals would help stop problem gamblers emptying their account. Obliging gamblers to leave a gambling venue to go to an ATM can also help break the cycle and assist a problem gambler to avoid emptying their account.

## **Conclusion**

Family First is astounded that the Committee has decided to shelve extensive and detailed evidence presented to the Committee in favour of future evidence to be produced by the Productivity Commission.

---

40 Mr Ryan, Committee Hansard, 11 September 2008, page 43-44

41 Mr Glen, Committee Hansard, 12 September 2008, page 30, 31.

42 Dr Livingstone, Committee Hansard, 11 September 2008, page 2.

43 Mr Poole, Committee Hansard, 12 September 2008, page 42

---

State governments in Australia have ignored problem gamblers for too long, which is why Family First introduced the *Poker Machine Harm Minimisation Bill 2008* and the *Poker Machine Harm Reduction Tax (Administration) Bill 2008*.

Governments are addicted to poker machine revenue. The lure of the money far outweighs concerns for problem gamblers. Government say they hate pokies, but when it comes to the crunch they would much rather have the money. That's not what Australians expect of their governments. To turn their back on the despair this brings to families is shameful.

Unless there is federal intervention the policy paralysis at the state level will continue. The states have shown they are incapable of kicking their addiction to pokies revenue. That is why federal intervention has to happen and must not be delayed.

Senator Steve Fielding  
Family First Leader





# APPENDIX 1

## Submissions received by the Committee

### Poker Machine Harm Tax (Administration) Bill 2008

- 1 Cairns Tropic Jazz Club (QLD)
- 2 Cox, Mr Kevin (ACT)
- 3 Central Coast Problem Gambling Service (NSW)
- 4 Gambling Impact Society (NSW) (NSW)  
*Supplementary information*
  - *Less Than Even: The hidden costs of gambling*, DVD produced by the Gambling Impact Society, and 2 brochures provided at hearing 12.9.08
- 5 Chrysalis Insight Inc (VIC)
- 6 Australasian Gaming Machine Manufacturers Association (NSW)  
*Supplementary information*  
Provided at hearing 12.9.08
  - *Final report in response to 2008 report by Livingstone et al*, prepared by Nower L and Blaszczyński A
  - Australian/New Zealand Gaming Machine National Standard, Revision 9.0, 23 March 2007
  - *Regulation and Legislation*, presentation by Michael Foggo, Commissioner, NSW Office of Liquor, Gaming and Racing to Australian Gaming Expo, 25 August 2008
 Provided following hearing
  - Response to a question on notice arising from hearing 12.9.08, received 16.9.08
  - Additional information clarifying comments made at hearing 12.9.08, received 1.10.08
- 7 Clubs Australia (NSW)  
*Supplementary information*
  - Additional information provided following hearing 16.9.08, received 25.9.08
- 8 Social Responsibilities Committee – Anglican Diocese of Melbourne (VIC)
- 9 Aristocrat Leisure Limited (NSW)
- 10 Anglicare Victoria (VIC)
- 11 Relationships Australia – Tasmania (TAS)
- 12 Social Issues Executive of the Anglican Church Diocese of Sydney (NSW)
- 13 Duty of Care (SA)  
*Supplementary information*
  - Supplementary submission received 30.9.08

- 14 McMillen, Professor Jan (ACT)  
*Supplementary information*
- Supplementary submission received 30.9.08
- 15 Borrell, Ms Jennifer (VIC)
- 16 Tabcorp (VIC)
- 17 Festival of Light Australia (SA)
- 18 Cardiff RSL Club (Nsw)
- 19 Howat, Professor Peter and Maycock, A/Professor Bruce (WA)
- 20 Victorian InterChurch Gambling Taskforce (VIC)
- 21 Falkiner, Mr Tim (VIC)  
*Supplementary information*  
Provided at hearing 11.9.08
- Written comments on the 3 bills
  - Correspondence with ACCC dated 6.12.06 and 12.4.07 re Balanced reel gaming machines
  - Transcript and DVD – Spiritual dimensions of gaming machines, presentation to the Theosophical society of Melbourne by Tim Falkiner, 9 October 2007
  - Problem Gambling Today, You Figure It Out, Interactive CD-ROM Kit Years 9 to 12
- Provided following hearing 11.9.08, received 19.9.08
- Age Newspaper article: *State tops in gambling fraud*, dated 13.5.08
  - Copy of correspondence from ACCC
  - List of the history of complaints made to the ACCC and Consumer Commission in USA and Canada
  - Presentation: *Spiritual Dimensions of Gaming Machines*
  - Transcript of Theosophical Society lecture
  - The Australian Newspaper article: *Packer's gaming machine jackpot*, dated 30.8.06
- Additional information concerning exposure of children to pokies dated 6.10.08
- 22 Australian Hotels Association (ACT)
- 23 Livingstone, Dr Charles and Woolley, Dr Richard (VIC)  
*Supplementary information*
- Supplementary submission dated 10.10.08
- 24 Hancock, Associate Professor Linda (VIC)
- 25 Rees, Ms Helen (VIC)
- 26 Australasian Gaming Council (VIC)
- 27 Amos, Mrs Glenda (NSW)
- 28 Naylor, Ms Christina (NSW)

- 
- 29 McCabe, Mr Paul (QLD)
  - 30 Gambling Research Australia (VIC)
  - 31 UnitingCare Wesley Adelaide (SA)
  - 32 Hanna MP, Mr Kris (SA)
  - 33 Independent Gambling Authority (SA)

### **Additional information**

IGT Australia PL, Electronic Gaming Machines, copy of presentation to Committee during visit to premises at Rosebery, NSW, 12.9.08

## **Poker Machine Harm Minimisation Bill 2008**

- 1 Falkiner, Mr Tim (VIC)
- 2 American Gaming Association (USA)
- 3 Tatts Group (VIC)
- 4 Regis Controls Pty Ltd (VIC)
  - Supplementary information*
  - Provided at hearing 11.9.08
  - Copy of presentation to the Committee dated 11.9.08
  - *Gaming: Techlink – NSBI Involvement*, Hansard extract, 20.4.05, Nova Scotia, Canada
  - Received following hearing
  - Responses to questions arising from hearing 11.9.08, received 8.10.08
- 5 Tabcorp (VIC)
- 6 Australasian Gaming Machine Manufacturers Association (NSW)
- 7 ATM Industry Reference Group (NSW)
  - Supplementary information*
  - Summary document of current regulations regarding ATMs in gaming venues, July 2008 provided at hearing 12.8.08
  - Additional information provided following hearing 12.9.08, received 27.10.08
- 8 Australian Hotels Association (ACT)
- 9 Victorian InterChurch Gambling Taskforce (VIC)
- 10 Responsible Gaming Networks (VIC)
  - Supplementary information*
  - Additional information following hearing 11.9.08, received 1.10.08
- 11 Gambling Commission UK (UK)

- 12 FamilyVoice Australia (SA)
- 13 Clubs Australia (NSW)
- 14 Australasian Casino Association (NSW)
- 15 Department of Racing, Gaming & Liquor (WA)
- 16 Australian Bankers' Association Inc (ABA) (NSW)
- 17 Gambling Impact Society NSW (NSW)
- 18 McMillen, Professor Jan (ACT)
- 19 Hanna MP, Mr Kris (SA)
- 20 City of Sydney (NSW)
- 21 Australian Bankers' Association Inc (ABA) (NSW)
- 22 Livingstone, Dr Charles and Woolley, Dr Richard (VIC)
- 23 Independent Gambling Authority (SA)

### **ATMs and Cash Facilities in Licensed Venues Bill 2008**

- 1 Department of Racing, Gaming & Liquor Government of Western Australia (WA)
- 2 Gambling Commission UK (UK)
- 3 Falkiner, Mr Tim (VIC)
- 4 Borrell, Ms Jennifer (VIC)
- 5 McMillen, Professor Jan (ACT)
- 6 Abacus – Australian Mutuals (NSW)
- 7 ATM Industry Reference Group (NSW)
- Supplementary information*
  - Additional information provided following hearing 12.9.08, received 27.10.08
- 8 Hanna MP, Mr Kris (SA)
- 9 Victorian InterChurch Gambling Taskforce (VIC)
- 10 Australian Hotels Association (ACT)
- 11 Clubs Australia (NSW)
- 12 Name withheld
- 13 FamilyVoice Australia (SA)
- 14 Gambling Impact Society (NSW) Inc (NSW)
- 15 City of Sydney (NSW)

- 16 Regis Controls Pty Ltd (VIC)
- 17 Australian Bankers' Association Inc (ABA) (NSW)
- 18 Livingstone, Dr Charles and Woolley, Dr Richard (VIC)
- 19 Independent Gambling Authority (SA)



## **APPENDIX 2**

### **Public Hearings**

*Thursday, 11 September 2008*

*Radisson on Flagstaff Hotel, Melbourne*

#### **Committee Members in attendance**

Senator Claire Moore (Chair)

Senator Judith Adams

Senator Sue Boyce

Senator Steve Fielding

Senator Mark Furner

Senator nick Xenophon

#### **Witnesses**

**Dr Charles Livingstone**

**Professor Linda Hancock**

**Mr Tim Falkiner**

#### **Regis Controls**

Mr Elik Szewach, Chief Executive Officer

Ms Lisa Horten, Director

Mr Ian Donald, Technical Director

#### **Social Responsibilities Committee Anglican Diocese of Melbourne**

Rev Graham Reynolds, SRC Member

#### **Anglicare Victoria**

Mr Mark Longmuir, Manager, Community Services, Gippsland

#### **Victorian InterChurch Gambling Taskforce**

Dr Mark Zirnsak, Chair

Mr Denis Fitzgerald, Executive Director, Catholic Social Services

Ms Gabriela Byrne, Taskforce consultant

#### **Responsible Gaming Networks**

Mr Phillip Ryan, Chief Executive Officer

#### **Duty of Care (SA)**

Ms Sue Pinkerton, President

Ms Libby Mitchell, Vice-President

***Friday, 12 September 2008***  
***State Library of New South Wales, Sydney***

**Committee Members in attendance**

Senator Claire Moore (Chair)	Senator Steve Fielding
Senator Rachel Siewert (Deputy Chair)	Senator Mark Furner
Senator Judith Adams	Senator Gary Humphries
Senator Sue Boyce	Senator Nick Xenophon

**Witnesses**

**Australian Hotels Association**

Mr Bill Healey, Chief Executive Officer  
Mr John Whelan, Director, Responsible Gambling

**Clubs Australia**

Mr David Costello, Executive Director  
Mr Anthony Ball, Executive Manager, Policy and Government

**Australian Bankers' Association Inc (ABA)**

Mr David Bell, Chief Executive Officer  
Ms Diane Tate, Director, Corporate & Consumer Policy

**ATM Industry Reference Group**

Mr David Glen, Chair ATM Reference Group  
Mr Paul Stewart, representative, ATM Industry Reference Group

**Central Coast Problem Gambling Service**

Mr Chris Davidson, Manager  
Mr Lincoln Poole, Counsellor

**Gambling Impact Society (NSW)**

Ms Kate Roberts, Chair  
Mrs Dorothy Webb, consumer and Secretary

**Gaming Technologies Association (formerly known as the Australasian Gaming Machine Manufacturers Association)**

Mr Ross Ferrar, Chief Executive Officer  
Mr Garrie Gibson, Government Relations Consultant



***Thursday, 25 September 2008***  
***Parliament House, Canberra***

**Committee Members in attendance**

Senator Claire Moore (Chair)  
 Senator Judith Adams  
 Senator Sue Boyce  
 Senator Steve Fielding

Senator Mark Furner  
 Senator Gary Humphries  
 Senator Nick Xenophon

**Witnesses**

**Department of Families, Housing, Community Services and Indigenous Affairs**

Ms Jill Farrelly, Branch Manager, Community Support Programs Branch

Mr Evan Lewis, Group Manager, Mental Health, Autism and Community Programs Group

***Thursday, 16 October 2008***  
***Parliament House, Canberra***

**Committee Members in attendance**

Senator Claire Moore (Chair)  
 Senator Judith Adams  
 Senator Sue Boyce  
 Senator Steve Fielding

Senator Mark Furner  
 Senator Gary Humphries  
 Senator Nick Xenophon

**Witnesses**

**Independent Gambling Authority (South Australia)**

Mr Robert Chappell, Director – *via teleconference*

***Inspection***

***Friday, 12 September 2008***  
***5-13 Rosebery Avenue, Rosebery, Sydney***

**Committee Members in attendance**

Senator Claire Moore (Chair)  
 Senator Rachel Siewert (Deputy Chair)  
 Senator Judith Adams  
 Senator Sue Boyce

Senator Steve Fielding  
 Senator Mark Furner  
 Senator Gary Humphries  
 Senator Nick Xenophon

The Committee visited the gaming machine manufacturer IGT Aust (International Gaming Technology).