

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.

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;

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- 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).¹

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.² 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.³

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.⁴

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.⁵

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'.⁶ 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'.⁷

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.⁸

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'.⁹

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'.¹⁰ 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.¹¹ Clubs Australia argued that work done by state governments and industry had reduced problem gambling by 50 per cent in the last decade.¹²

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...¹³

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'.¹⁴ 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.¹⁵

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.¹⁶

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'.¹⁷ 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.¹⁸

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'.¹⁹ 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'.²⁰

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.²¹

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'.²²

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'.²³ 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.²⁴

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'.²⁵ 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.²⁶

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'.²⁷

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'.²⁸ 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.²⁹

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'.³⁰ 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.³¹

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.³²

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.³³ Associate Professor Hancock noted that some of the most disadvantaged areas in Australia are those with the highest per capita gambling losses.³⁴ 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.³⁵

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.³⁶ 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'.³⁷

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.³⁸ 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.³⁹

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.⁴⁰

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.⁴¹ 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...'.⁴²

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'.⁴³ 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'.⁴⁴

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.⁴⁵

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.⁴⁶

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'.⁴⁷

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.⁴⁸

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.⁴⁹ 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.⁵⁰

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'.⁵¹

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.⁵²

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.⁵³

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.⁵⁴ 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.⁵⁵

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'.⁵⁶

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.⁵⁷ 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.⁵⁸

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.⁵⁹ 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'.⁶⁰

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.⁶¹

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.⁶²

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.⁶³

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.⁶⁴ 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...⁶⁵

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.⁶⁶

1.67 The Australian Hotels Association expected the cost of implementing a pre-commitment system to be prohibitive.⁶⁷ 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.⁶⁸

\$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).⁶⁹

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'.⁷⁰

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 \$400.⁷¹ 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'.⁷²

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.⁷³

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.⁷⁴

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.⁷⁵ Similarly Gaming Technologies Australia also noted that the scope of the HM Bill may affect Australian manufacturers making poker machines for export.⁷⁶ 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.⁷⁷

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'.⁷⁸ 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.⁷⁹

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.⁸⁰

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.⁸¹ 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.⁸²

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.⁸³ 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.⁸⁴

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.⁸⁵

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'.⁸⁶

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.⁸⁷ 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.⁸⁸

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.⁸⁹

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 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.⁹⁰

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'.⁹¹

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.⁹²

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'.⁹³ 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.⁹⁴

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'.⁹⁵ 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.⁹⁶

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.⁹⁷ 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'.⁹⁸

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.⁹⁹

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.¹⁰⁰

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 2012.¹⁰¹

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.¹⁰²

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.¹⁰³

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.¹⁰⁴ 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.