



AUSTRALASIAN GAMING MACHINE  
MANUFACTURERS ASSOCIATION

# **SUPPLEMENTARY SUBMISSION**

**Senate Community Affairs Committee**

Addition of [Poker Machine Harm Minimisation Bill 2008](#) to the  
reference for this Inquiry

**08 August, 2008**

**Supplementary Submission made by:**

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## 1. Summary of Supplementary Submission

1. The Bill seeks to introduce at the national level restrictions on the operation of gaming machines utilising constitutional powers to override the current jurisdictional authority of the States and Territories. The Bill ignores the cooperative work being achieved at the national level through the COAG and Ministerial Council on Problem Gambling in establishing national benchmarks and policies on the issue of problem gambling.
2. 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.
3. The Senate Community Affairs Committee is urged to allow the Productivity Commission to undertake its review of Australia's Gambling Industries, as recently decided by COAG, and to allow the recently-announced research initiatives of the Ministerial Council on Problem Gambling to be undertaken.
4. Both Bills by Senator Fielding should be rejected by the Committee and the Senate.

## 2. Terms of Reference for Supplementary Inquiry

On 25 June 2008 the Senate, on the recommendation of the Selection of Bills Committee, referred the Poker Machine Harm Minimisation Bill 2008 to the Community Affairs Committee. The inquiry into this Bill has been combined with the previously referred Poker Machine Harm Reduction Tax (Administration) Bill 2008. The reporting date is 10 November 2008.

Reasons provided for referral of the Bill and the principal issues for consideration are:

***Research into gambling shows that targeted changes can cut rates of excessive gambling and that cutting rates of excessive gambling is a very important part of addressing problem gambling and allowing people to play the pokies with reduced harm.***

***Family First's Bill sets out a number of harm minimisation measures such as limiting cash bets on poker machines to \$1 a spin, payout prizes to a maximum of \$1,000, limiting ATM withdrawals at gambling venues to \$100 a day and introducing smart cards with a \$1000 fortnightly limit for those who want to play more powerful machines up to \$5 a spin.***

AGMMA has previously made a Submission to the Senate Community Affairs Committee on the first Bill and seeks to have this Supplementary Submission considered in conjunction with our first Submission by the Committee.

### 3. Commentary on Second Bill

In introducing this second Bill to the Senate, Senator Fielding made a number of comments regarding the actions of State and Territory jurisdictions, gaming machine operators and manufacturers that are totally incorrect and constitute a gross distortion of the current situation in Australia.

For example, Senator Fielding said:

***So far, much of the approach of state governments and poker machine operators has been to wait and see who develops a gambling problem, then try to help them.***

Gaming Machine manufacturers have worked in a pro-active fashion to provide a range of measures to improve player information, knowledge and control.

All new gaming machines sold in Australia since 1 January 2008 include on-screen clocks; and credit meters shown in dollars as well as credits. This was an initiative of the manufacturers. Further, AGMMA proposed the provision of Player Information screens on gaming machines and has spent a number of years negotiating with various jurisdictions to achieve this goal. In Victoria, on-screen Player Information is mandatory. In Queensland and in New Zealand, different versions of on-screen Player Information are mandatory on all new machines.

Our organisation has provided several publications including the “Responsible Gaming Machine Play” leaflet (currently in re-print). It provides unbiased, independent and accurate information about gaming machines and corrects a number of myths, superstitions and false beliefs. 50,000 paper copies have been distributed free of charge (mainly to counselling services) and the leaflet has been downloaded about 100,000 times.

It is completely incorrect to claim that governments and operators have adopted a ‘wait and see’ attitude.

State and Territory jurisdictions have introduced a comprehensive array of harm minimisation measures since the 1999 Productivity Commission Report which have all contributed to a significant decrease in the rate of problem gambling in the Australian community. Machine numbers have been restricted, hours of operation of venues have been curtailed, extensive signage and information have been provided in all venues to advise patrons of the risks, and significant investments in counselling services have been made to assist those identified as having problems.

Further, Senator Fielding also said:

***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.***

***The study also estimated problem or at-risk gamblers account for about 53 per cent of the money spent in Victoria on poker machines in hotels and clubs in 2005-06.***

Rather than making broad generalisations that do not reflect the current position or trends, AGMMA believes that parliamentarians who seek to make significant contributions to the debate on the serious question of the incidence of problem gambling in Australia have a duty to inform themselves with independent, credible research. Senator Fielding continues to quote decade-old data that does not reflect the current situation.

Despite methodological difference and sampling size variations, problem gambling prevalence rates for states/territories in Australia represent a downward trend over time in most jurisdictions which suggest that problem gambling is either stabilising or decreasing. Although true comparisons in many instances are specifically noted as unreliable or statistically insignificant, it is reasonable to state that Australian problem gambling prevalence has experienced significant decline in the last nine years.

Trends may be attributed to a number of factors over time and may be adduced as the cumulative effects of a combination of consumer protection measures, population exposure and adaptation, a maturing industry, effective treatment and additionally public awareness – to what degree, or in what proportions, remains unknown.

The “Council of Australian Governments” (COAG), at its meeting in July 2008, has requested the Productivity Commission to review the 1999 Report and provide current data on this issue for further consideration by Governments. This will enable policy to be determined by current evidence and research. AGMMA supports this decision and will fully cooperate with the Productivity Commission in this Review.

There should be no pre-emptive legislative measures taken by the Senate which will cut across this analysis. The Parliament should wait until this Review is completed and other research commissioned by the Ministerial Council on Problem Gambling is undertaken to determine the best methodology for protecting those people in our community identified as ‘at risk’ of developing problem gambling behaviour.

The series of measures contained in the second Fielding Bill have all been considered by State and Territory jurisdictions over the past ten years and have been rejected as not being either valid in terms of addressing problem gambling behaviour nor reasonable in their impacts on the vast majority of players who are recreational gamblers.

AGMMA recommends that the Committee reads the Report prepared by Professor Alex Blaszczynski and others from the University of Sydney in 2001, entitled, “*Final Report: The Assessment of the Impact of the reconfiguration on electronic gaming machines as harm minimisation strategies for problem gambling*” (Prepared for the Gaming Industry Operators Group). This Report addresses a number of the proposed measures contained in the *Poker Machine Harm Minimisation Bill 2008* and proves that they will not achieve any meaningful impact on problem gambling.

Further, attached to this Supplementary Submission is a paper by Bo Bernhard and Frederick Preston of the University of Nevada, entitled, “*On the Shoulders of Merton: Potentially Sobering Consequences of Problem Gambling Policy*” published in *American Behavioral Scientist* 2004. This article makes some very valid points about the **unintended consequences** of much of the harm minimisation strategies employed or proposed that have not been fully analysed nor understood as to the flow-on effects.

### ***Discussion of specific measures in Bill***

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. There has been no credible, independent research conducted either in Australia or internationally that has demonstrated such measures are warranted or desirable.

In fact the 2001 University of Sydney Study by Prof. Alex Blaszczynski showed

***.....no evidence supporting the contention that this modification would effectively reduce gambling behaviour amongst problem gamblers. Therefore, it is considered that this modification would be of limited effectiveness in minimizing harm associated with electronic gaming machines but would lead to an overall reduction in revenue to the gaming venues.***

The spin slowing proposal has been extensively examined in recent years. The study conducted by Prof. Blaszczynski, listed above, showed that in fact this measure would most likely **increase** time spent on gambling and therefore exacerbate problem gambling situations.

***There was evidence of possible unintended negative impacts suggesting that problem gamblers who play more slowly spend more time playing. Findings suggest the possibility of an increase in the negative consequences to social and occupational activities if rates of play are further slowed.***

***There is evidence from the present study that a reduction in reel spin speed would not be an effective harm minimisation strategy. Not only would it be unlikely to reduce problems associated with electronic gaming machines, it may result in an increase in indirect social/family harm associated with problem gambling for a small proportion of problem gamblers.***

The other measures in the Bill are also devoid of any objective research that demonstrates that they would have any positive impact on problem gambling behaviour. In all cases, the consequence of these measures will be detrimental to the enjoyment for recreational gamblers, significantly impacting on revenues for venues, with no improvement in rates or incidence of problem gambling.

The proposed Act apparently seeks to create an incentive for players to use “*smart cards*” when using gaming machines, in that certain restrictions would not apply where a player uses such a card to play the machine. Senator Fielding presumably perceives that it would be more desirable for players to use smart cards because that would involve a limit of \$1,000 of credit each fortnight (to be registered at least one week prior to use) and a limit of 10 hours playing time each fortnight.

The incentive to use smart cards seems ill-conceived. There is nothing to prevent a player who has exhausted his or her play of smart card gaming machines from also playing conventional gaming machines.

Further, if particular gaming machines and features are thought to “*encourage problem or compulsive gambling*”, then it is difficult to see how encouraging the use of smart card gaming machines (that would offer greater opportunities to gamble with larger bets but with more limited use) over gaming machines (that would offer fewer opportunities to gamble with larger bets but which still permit unlimited use) would address problem or compulsive gambling.

### **Effect on ability of Gaming Manufacturers to manufacture for export**

Section 8 of the proposed Act states that “*this Part applies to: (a) any corporation that manufactures gaming machines or poker machines for use in the Australian jurisdiction ... and (b) any corporation that sells, offers or exposes for sale or supplies gaming machines or poker machines for use in the Australian jurisdiction....*”

Although the prohibitions under the proposed Act would operate in relation to gaming machines and terminals for use “*in the Australian jurisdiction*”,<sup>6</sup> their scope is sufficiently wide to prohibit the manufacture and supply of machines with the prohibited characteristics for export. That is, they would apply whether or not the machines are intended to be used or sold in Australia.

The same issue arises in relation to the manufacture and supply of cash back terminals under Part 4 of the proposed Act.

The restriction on the export of gaming machines could not be overcome by a corporation splitting its operations between manufacture for the domestic and export markets. This is because of the definition of corporation, which under section 6 of the proposed Act includes a holding company. If a holding company of the manufacturer incorporated a new company to manufacture gaming machines for the export market, it would be in breach of the proposed Act if the subsidiary’s machines contained any of the prohibited characteristics.<sup>7</sup>

It is not clear whether Senator Fielding intended that the proposed Act would have this effect. It may be that the Senator considers that what is bad for Australia is also bad for the rest of world. If that is his position then it seems unreasonable for him to seek to impose an Australian policy on the rest of the world.

### **Inconsistency between the two Bills**

There is an inconsistency between the policies underlying the proposed Poker Machine Harm Reduction Tax and the proposed Poker Machine Harm Minimisation Act. The former seeks to gradually force gaming machines out of certain venues through the imposition of a tax, with the revenue generated from that tax paid into a fund that would compensate clubs and other organisations that are presently dependent on gambling revenue.

The latter Bill would affect the profitability of gaming machines immediately, thereby reducing the level of possible taxation revenue that would be generated if the former Bill were enacted.