

Submission

on the

Poker Machine Harm Minimisation Bill 2008

to the

Senate Community Affairs Committee

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8 August 2008

TABLE OF CONTENTS

1. Introduction.....	1
2. The social effect of poker machines.....	1
3. Reducing poker machines	2
4. Endnotes.....	3

1. Introduction

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.

The Committee has invited written submissions addressing issues raised by the Bill. Submissions are due by 8 August.

2. The social effect of poker machines

The Productivity Commission's 1999 inquiry into gambling¹ found that:

- Around 130 000 Australians (about 1 per cent of the adult population) are estimated to have severe problems with their gambling. A further 160 000 adults are estimated to have moderate problems, which may not require 'treatment' but warrant policy concern.
- Taken together, 'problem gamblers' represent just over 290 000 people, or 2.1 per cent of Australian adults.
- Problem gamblers comprise 15 per cent of regular (non-lottery) gamblers and account for about \$3.5 billion in expenditure annually — about one-third of the gambling industries' market.
- They lose on average around \$12 000 each per year, compared with just under \$650 for other gamblers.
- The prevalence of problem gambling is related to the degree of accessibility of gambling, particularly gaming machines.
- The costs include financial and emotional impacts on the gamblers and on others, with on average at least five (and up to ten) other people affected to varying degrees. For example:
 - one in ten said they have contemplated suicide due to gambling; and
 - nearly half those in counselling reported losing time from work or study in the past year due to gambling.

The Ministerial Council on Gambling noted² in 2004 that “More recent surveys in a number of States and Territories have indicated that problem gambling remains a significant community issue.”

A 2001 survey of problem gambling in the ACT³ found that 5,297 adults or 1.9% of the ACT adult population were problem gamblers. Of these around 1,250 ACT residents (about 0.5% of the adult population in the ACT) were estimated to have severe problems with their gambling. A further 4,047 adults are estimated to have moderate problems. Problem gamblers account for 37.3% of reported gambling expenditure. The under-25-year age group of regular gamblers has the highest prevalence of problem gambling in the ACT (36.3%).

About 50% of surveyed ACT problem gamblers reported that they suffered from depression due to gambling; about 14% seriously considered suicide due to gambling; and about 25% of had their job adversely affected by gambling or felt that they had less time to spend with their families.

A 2005 survey in the Northern Territory⁴ found a prevalence of 1.06% of problem gamblers. Problem gamblers were overrepresented in low household income groups (incomes below \$20,000 p.a.) and there was an association between low formal educational achievement and problem gambling. Being an Indigenous person or having a non-English speaking background were also significant risk factors.

A 2006 survey in New South Wales⁵ found that 0.8% of the NSW adult population fell into the severe problem gambling group and a further 1.6% were considered moderate risk gamblers.

This study also observed⁶ that “Consistent with other studies, gaming machines continue to be associated with the highest prevalence of problem gambling. The gambling preferences of the ‘at risk’ group (moderate/problem) are significantly different to those of other gamblers. ‘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.”

3. Poker machines

Part 2 of the Bill would use the corporations power⁷ to impose on corporations that manufacture or supply gaming machines and poker machines a set of technical requirements that would exclude multi-line betting; limit the size of bets for each spin; the maximum credit a machine can accept; the denomination of notes a machine can accept and the maximum payout a machine can give.

These measures are designed to “limit the amount of money gamblers can lose and slow down the addictive nature of poker machines”⁸.

The Productivity Commission’s 1999 report canvassed the desirability of modifying game features and design. The report noted⁹ that “Evidence from surveys and counselling services suggests that gaming machines are a major source of problem gambling. In addition to their wider availability, sources of risk include their continuous nature, the ability to increase the size of successive bets and the structure of payouts. An important question is whether changes could be made to the machines which would temper the ‘hazards’, without significantly diminishing recreational gamblers’ entertainment.”

These measures seem well targeted and should be supported.

Recommendation 1:

Part 2 of the Bill would implement effective measures to reduce the addictive nature of poker machines and limit the amount of money problem gamblers could lose. These are socially desirable goals, and the measures are well targeted, so Part 2 of the Bill should be supported.

4. ATMs

The Productivity Commission's 1999 report recommended¹⁰ that "targeted and potentially cost-effective options include restrictions on the location of ATMs and lower withdrawal limits in gambling venues."

Part 3 of the Bill would use the banking power¹¹ to impose requirements on banks, credit unions and other financial institutions to limit to \$100 the amount of cash available from an ATM or similar facility on any one debit or credit card in any one transaction and in the total transactions for one day.

The Productivity's Commission's "National Gambling Survey found that problem gamblers were more likely than non-problem players to withdraw money from an ATM at a venue whilst playing the pokies." Only 4.6% of recreational players reported that they often or always withdraw money from an ATM at a venue when playing poker machines compared to 58.7% of serious problem gamblers reporting that they did so. "[P]roblem gamblers surveyed by the Commission ranked ATM location as one of the most important issues for effective harm minimisation."¹²

Recommendation 2:

Part 3 of the Bill would implement effective measures to reduce the ready access to cash at licensed venues. This is an identified issue for problem gamblers. Part 3 of the Bill should be supported.

5. Conclusion

The increasing dependence of several States on revenue from gambling is a formidable obstacle to these States taking the necessary measures to reduce problem gambling.

It is nearly a decade since the Productivity Commission's report definitively identified the scale of problem gambling in Australia. It is past time for decisive action.

This Bill seeks to use powers available to the Commonwealth to legislate for effective measures to limit the harms of poker and gaming machines is timely.

Recommendation 3:

The Bill as a whole should be supported.

6. Endnotes

1. *Australia's gambling industries: final report: summary*, Productivity Commission, 1999, p.2, http://www.pc.gov.au/_data/assets/pdf_file/0004/49234/summary.pdf.

2. *National Framework On Problem Gambling 2004-2008*, Ministerial Council on Gambling, 2004 [http://www.facs.gov.au/internet/facsinternet.nsf/vIA/gambling/\\$File/gambling_broch.pdf](http://www.facs.gov.au/internet/facsinternet.nsf/vIA/gambling/$File/gambling_broch.pdf)

3. *Survey of the nature and extent of gambling and problem gambling in the ACT*, Australian Institute for Gambling Research, 2001, p.9-10,

<http://www.gamblingandracing.act.gov.au/Documents/Survey%20of%20Problem%20Gambling%20in%20the%20ACT.pdf>

4. *Northern Territory Gambling Prevalence Survey 2005*, Charles Darwin University School for Social and Policy Research & School of Health Sciences, 2005

http://www.cdu.edu.au/sspr/documents/Gambling_prevalence.pdf

5. A.C. Nielson *Prevalence of gambling and problem gambling in NSW : a community survey 2006*, NSW Office of Liquor, Gaming and Racing Department of the Arts, Sport and Recreation, 2007, p.9, http://www.olgr.nsw.gov.au/pdfs/rr_prevalence_gambling.pdf.

6. Ibid., p.119.

7. *Commonwealth of Australia Constitution Act*, Section 51(xx).

8. Senator Steve Fielding, Second reading speech, 19 June 2008,

http://parlinfoweb.aph.gov.au/piweb/TranslateWIPILink.aspx?Folder=HANSARDS&Criteria=DOC DATE:2008-06-19%3BSEQ_NUM:14%3B

9. *Australia's gambling industries: final report: summary*, Productivity Commission, 1999, p.45, http://www.pc.gov.au/_data/assets/pdf_file/0004/49234/summary.pdf

10. Ibid.

11. *Commonwealth of Australia Constitution Act*, Section 51 (xiii)

12. *Australia's gambling industries: final report: summary*, Productivity Commission, 1999, p.44-45, http://www.pc.gov.au/_data/assets/pdf_file/0004/49234/summary.pdf.