

## Chapter 3

### Key issues raised with the committee

3.1 The committee considered all evidence presented over the course of this inquiry. In doing so the committee sought to assess the stated aims of the Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012 (the bill) against submitter concerns regarding the potential inadequacy of evidence to support the proposed measures.

#### Support for harm minimisation

3.2 Support for the bill's objective—effective harm minimisation—was considerable. The committee shares the community's concerns about problem gambling and supports the implementation of effective harm minimisation strategies.

3.3 It is evident from research cited by submitters that electronic gaming machines (EGMs)—poker machines—account for the vast majority of problem gambling behaviour.<sup>1</sup> This harm (as well as the flow-on negative social effects it leads to) is inherent in problem gambling and is particularly pronounced among vulnerable sectors of the community: low income earners, seniors, the socially isolated and the young. The social costs of problem gambling are considerable and demand deep contemplation. As put by FamilyVoice Australia:

The fundamental social question is whether the alleged benefits of gaming machines – revenue for non-profit clubs and enjoyment for "recreational" non-problem gamblers – are worth the social costs associated with problem gambling.<sup>2</sup>

3.4 These negative effects—both immediate and flow-on—are recognised by a variety of stakeholders, from social welfare groups to industry representatives.<sup>3</sup>

3.5 The committee's position is that these challenges are best addressed through cooperation by all involved parties, as such an approach stands the best chance of success. As put by the AHL Group:

Problem gambling is a complex social issue, requiring an integrated package of measures from the Federal Government that are implemented with strong co-operation from the States and with full support from the hotel and gaming industries and the wider community.<sup>4</sup>

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1 See for example Municipal Association of Victoria, *Submission 2*, p. 1.

2 FamilyVoice Australia, *Submission 3*, p. 1.

3 See ALH Group, *Submission 16*, p. 1.

4 ALH Group, *Submission 16*, p. 4.

## Issues raised with the committee

3.6 Although support for the bill's objective was widespread, submitters and witnesses were divided on whether the measures proposed in the bill could in practice achieve the bill's stated objective as effectively as intended. Key issues identified are outlined below.

### *Complexity*

3.7 Questions were raised about the complexity of the proposed changes, and the committee assessed evidence received on this issue.

3.8 The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), for example, informed the committee that placing \$1 bet limits and applying other low intensity parameters may be neither simple nor affordable. FaHCSIA's advice, based on consultation with gaming machine manufacturers, subsidiary providers and independent technical experts, was that implementing the proposed measures would necessitate the design and development of new poker machine software. In effect, FaHCSIA suggested, it would require individual games to be re-designed in order to operate under the new limit.<sup>5</sup>

3.9 Echoing this view, Gaming Technologies Australia stated that implementation of the measures outlined in the bill would require substantial software changes to every poker machine in Australia.<sup>6</sup> As put by Mr Ross Ferrar, Chief Executive Officer:

Another myth is that it is easy and cheap to change the software in all Australia's 200,000 poker machines to accommodate a \$1 maximum bet and \$500 maximum pay. This would require that the game software in every poker machine be redeveloped, reaccredited, reapproved and reinstalled. This is neither easy nor cheap, as we have previously advised.<sup>7</sup>

3.10 Writing in support of the proposed measures, Dr Charles Livingstone had a different view:

Imposition of a \$1 maximum bet, preferably coupled with the introduction of low maximum prizes (\$500 or less) would result in little inconvenience to gamblers, and could be introduced over a period of time that would permit venue operators to replace machines (or, more likely, game software) gradually. It would almost certainly result in significant reductions in the harm generating possibility of EGMs.<sup>8</sup>

3.11 The committee also notes that lowering of maximum bets in Victoria from \$10 to \$5 through machine software upgrades did not present the industry with

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5 Department of Families, Housing, Community Services and Indigenous Affairs, *Submission 5*, pp 1–2.

6 Gaming Technologies Association, *Submission 4*, p. 4.

7 Mr Ross Ferrar, Chief Executive Officer, Gaming Technologies Australia, *Committee Hansard*, 22 February 2013, p. 15.

8 Dr Charles Livingstone, *Submission 17*, pp 9–10.

significant difficulty. This point was underscored at a hearing held during this inquiry.<sup>9</sup>

### **Cost**

3.12 A number of submitters cited cost as a significant impediment to implementing the proposed changes, with the overall cost of immediate reconfiguration estimated to be approximately \$2.5 billion.<sup>10</sup>

3.13 FaHCSIA put forward the advice it obtained regarding cost:

The advice that we in the department have received is that the switch to a \$1 bet limit requires a change of software—and \$1 bet game software does not exist at the moment. It is new. That is different to \$5 bet limits and \$10 bet limits. So we are talking about a new piece of software that does not exist currently. The advice that we had was that it would cost anywhere from around \$2,000 up to \$9,000 for the software change. That is on a per machine basis, but that does not include some of the more cosmetic changes to electronic gaming machines. So it might be around the cost of new signage, display and messages. That button now has to have \$1 displayed on it for people to recognise that it is a \$1 bet.

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Also, if the machines are completely incapable of supporting the software there will need to be whole new machines.<sup>11</sup>

3.14 These costs, according to a submission from the New South Wales Government, are not justified, because research does not conclusively show that bet, jackpot and cash input limits would 'slow the intensity of gaming machine play.'<sup>12</sup>

3.15 Accepting that the proposed measures would come at a cost to industry, other submitters nonetheless saw the reforms as worthwhile:

This is a feasible and reasonable reform which has foreseeable consequences and can be readily managed. It will result in revenue losses to industry and government; however the reduction in avoidable harm resulting from this would easily justify the reform, noting in particular that both the Productivity Commission and Victorian Commission for Efficiency and Competition inquiries into this issue have identified that the economic effects of gambling are not specific to that industry, and that

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9 See Dr Ralph Lattimore, Assistant Commissioner, Productivity Commission, *Committee Hansard*, 22 February 2013, p. 8; Dr Mark Zirnsak, Australian Churches Gambling Taskforce, *Committee Hansard*, 22 February 2013, p. 24.

10 Gaming Technologies Association, *Submission 4*, p. 4.

11 Ms Leesa Croke, Acting Group Manager, Problem Gambling and SACS Group, Department of Families, Housing, Community Services and Indigenous Affairs, *Committee Hansard*, 22 February 2013, p. 45.

12 New South Wales (NSW) Government, *Submission 8*, pp 2–3.

gambling expenditure would be readily transferable to other economic purposes with the same, or better economic consequences flowing.<sup>13</sup>

3.16 The committee noted the argument that costs would predominantly be borne by sections of the industry that could well afford the expenditure. In this vein, Dr Charles Livingstone pointed out that the reforms, if implemented, would have the greatest impact on large operators, rather than small clubs:

...[T]his reform is likely to have the least impact on small local clubs which are associated with higher levels of community benefit. The largest impact would be on venues operating highly efficient and lucrative gambling operations at high intensity, which are also associated with the greatest level of harm generation.<sup>14</sup>

3.17 Despite discussion around the fine detail of who would bear the brunt of the cost, the reality that money would need to be invested in order to secure the proposed reforms was generally accepted. The Productivity Commission, for one, acknowledged that the cost of implementation is a real issue which must be considered:

There are genuine issues about the cost of undertaking these measures. Again, one has got to be very careful about correctly calculating those. In a number of cases, people have drawn attention to costs which are almost certainly significant exaggerations of the real costs. Nevertheless, the commission took seriously the fact that an immediate transition to a \$1 bet limit would involve significant costs for venues. For that reason, we suggested that the best approach was to build in a capability for the machines to go to a dollar bet limit so that new machines had that capability. They could be introduced in the normal cycle of replacement and then have that capability switched on at some time in the future. We thought that the time in the future should be a bit longer for the smallest venues, given that they would face some of the bigger costs given the very nature of those venues. We did recognise that costs were important.<sup>15</sup>

### ***Committee view***

3.18 The committee notes concerns regarding the cost of poker machine reconfiguration, specifically those voiced by industry. While the committee considers these costs to be secondary to the goal of harm minimisation, it is important to bear industry concerns in mind, particularly when it comes to legislation which may require considerable financial outlay.

3.19 The committee ultimately believes that policymakers' stance on this bill should be determined by the quality of the proposed legislation and the evidence—or lack thereof—in its favour. It is only feasible to argue for measures carrying a

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13 Dr Charles Livingstone, *Submission 17*, p. 10.

14 Dr Charles Livingstone, *Submission 17*, p. 10.

15 Dr Ralph Lattimore, Assistant Commissioner, Productivity Commission, *Committee Hansard*, 22 February 2013, p. 6.

significant cost burden if the bill is likely to achieve significant gains in harm minimisation.

3.20 It is this question that the committee turns to next.

### **Would the bill achieve its aims?**

3.21 The bill's Explanatory Memorandum states that the purpose of the proposed legislation is to limit the rate of loss poker machine users can experience.<sup>16</sup> However, questions exist about whether evidence supports the assumption that poker machines which limit bet, cash jackpot and input maximum sizes are actually effective in minimising harm.

#### ***Limiting bets***

3.22 The committee noted that the Productivity Commission supported lowered bet limits in its 2010 inquiry and report into gambling:

The Commission...considers that there are strong grounds to reduce the maximum intensity of play per button push well below the current \$5 and \$10 regulated limits. A limit of \$1 would strongly target problem gamblers, with little disturbance for others, and its widespread adoption would be feasible by 2016.<sup>17</sup>

3.23 A number of submitters also advocated imposing \$1 bet limits.<sup>18</sup>

3.24 Others, however, made the point that research is inconclusive on whether the limits themselves would contribute greatly towards harm minimisation efforts.<sup>19</sup> As put by one submitter, the notion of limiting bets to one dollar in order to decrease the amount of money spent on poker machines is based on a number of assumptions which may or may not be correct:

...[T]he positive effect of a one dollar maximum bet on expenditure for those gambling more than one dollar is predicated on the assumptions that (a) such players would continue playing machines at the one dollar level or cease gambling, (b) not transition to other forms of gambling where no bet limits are applicable, for example, wagering (sports, horses), casino or Internet gambling, and/or (c) extend sessions of play such that the same level of losses are incurred but over longer timeframes of play.<sup>20</sup>

3.25 Dr Ralph Lattimore of the Productivity Commission acknowledged fears that lowering intensity of play may have unintended consequences:

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16 Explanatory Memorandum, Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012, p. 2.

17 Productivity Commission, *Gambling*, Vol.1, Commonwealth of Australia, Canberra, 2010 Overview, p. 26.

18 See for example Australian Churches Gambling Taskforce, *Submission 11*; Mission Australia, *Submission 13*; Gambling Impact Society (NSW), *Submission 14*.

19 See NSW Government, *Submission 8*, p. 3.

20 Professor Alex Blaszczynski, *Submission 1*, p. 3.

A concern raised by a number of people is whether a problem gambler faced with a lower intensity of play might prolong the period of time on the machine. You would certainly say that, theoretically, that was a concern.<sup>21</sup>

3.26 His subsequent explanation, however, suggested that this was not a simple equation to calculate:

There are two points to make in respect of that. First of all, Professor Blaszczynski, in his work some time ago, examined that question and did not find any significant increase in the playing time spent by problem gamblers in response to his particular in venue experiment. The other point to make is that...the required amount of extra time for you to get to the same player losses would obviously be a tenfold increase in time. That is a very appreciable increase in time which, for many practical reasons, would not be achievable by many problem gamblers. It would also raise the question of whether venues might have the greater opportunity to observe the person playing for those hours and to apply venue intervention. That does not mean to say that there is not any effect this way; it is likely that there will be some substitution between time and a \$1 bet limit if introduced.<sup>22</sup>

3.27 Acknowledging the Productivity Commission's position on reducing bet limits, a submission from the Australasian Gaming Council (AGC) nonetheless pointed out that research on \$1 limits specifically was scarce:

Discussion in the body of the PC report, and referenced from other available sources, suggests that while regulating bet size in order to combat problem gambling has been a subject of consideration and debate for some years there is equally a clearly acknowledged lack of systematic research into *what* bet limit would be appropriate or evidence to show how any range of possible limits could impact on the play of gamblers in practice.<sup>23</sup>

3.28 The AGC went on to cite a 2008 study which found that such limits—although intuitively appealing—are not necessarily supported by evidence demonstrating their effectiveness in practice. The evidence that problem gamblers would modify their behaviour when faced with \$1 bet limits, the AGC concluded, remains unclear.<sup>24</sup>

### ***Who will be helped by \$1 bet limits?***

3.29 The committee also explored the question of which type of gamblers would stand to gain the most from the imposition of \$1 bet limits. To this end, the committee sought insight into the mindset of poker machine players and how this changes when

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21 Dr Ralph Lattimore, Assistant Commissioner, Productivity Commission, *Committee Hansard*, 22 February 2013, p. 6.

22 Dr Ralph Lattimore, Assistant Commissioner, Productivity Commission, *Committee Hansard*, 22 February 2013, p. 6.

23 Australasian Gaming Council, *Submission 12*, p. 8.

24 AGC, *Submission 12*, pp 8–9.

the intensity of play is reduced. Professor Kevin Harrigan provided the following analysis:

Certainly the problem gamblers—and it took me a while to get my head around this—are there to gamble, so they want the time on the device. If you are a non-gambler, like me, if you won some money you might leave. But problem gamblers like to gamble. They do not leave when they have a \$100 win because they like to gamble. To them it is not so much the amount of the wager, it is how much time they can get on the device with their bankroll. For people who are non-problem gamblers, it is hard to say. But I have gone to slot machines at casinos, including in Australia, hundreds of times and everyone who is playing is basically playing flat out. I do not mean they are playing as fast as they can, but they do not look around for a while and then spin later; they tend to be spinning at a pretty good rate whether they are problem gamblers or not.<sup>25</sup>

### ***Possible unintended consequences?***

3.30 Aristocrat Technologies Australia raised the spectre of unforeseen effects the bill may have. Rather than addressing and curbing problem gambling, the submission suggested that the bill may have the opposite effect, that is, it may drive problem gamblers to other, less regulated gambling environments.<sup>26</sup>

3.31 Similarly, the committee became aware of concerns that decreasing the size of bets could create an incentive for people to gamble for longer instead. This may pose a particular risk for problem gamblers who continue to play poker machines while ever they have money remaining, regardless of how long that may be.

3.32 The committee put this to Professor Harrigan, asking whether there was a risk that problem gamblers would simply play for longer. Professor Harrigan confirmed that this was a risk but saw the potential for harm reduction:

Yes. I kind of see the \$1 limit as having more potential for harm reduction rather than for problem gamblers. The reason I say that is that the big factors for running into problems with gambling are loss of money and time away from family, loved ones, work and all of that. As a prevention tool, having a \$1 limit, compared to some higher limit, is reducing the possibility that the casual gamer could get out of control very quickly.<sup>27</sup>

3.33 In this vein, submissions representing the views of the gambling industry explained that the cost to benefit ratio of introducing the proposed measures could render the reforms meaningless:

In the ACA's [Australasian Casino Association] view the likely end result will be that there will be little to no reduction in expenditure on the part of

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25 Professor Kevin Harrigan, Research Associate Professor, University of Waterloo, Canada, *Committee Hansard*, 22 February 2013, p. 3.

26 Aristocrat Technologies Australia, *Submission 9*, p. 2.

27 Professor Kevin Harrigan, Research Associate Professor, University of Waterloo, Canada, *Committee Hansard*, 22 February 2013, p. 4.

problem gamblers but there will be significant reductions in expenditure on the part of recreational gamblers. This will have significant implications for the casino industry.<sup>28</sup>

3.34 The ACA supported its position by highlighting that casinos are 'a key provider of tourism infrastructure, including hotels, restaurants and conference facilities that raise Australia's profile as a tourism destination' and attract large numbers of tourists to Australia. The proposed measures, ACA posited, stand to have a significant impact on the number of tourists that visit Australia and the quantity of money they spend on recreational gambling.<sup>29</sup>

### ***Limiting jackpots***

3.35 Similarly, it was put to the committee that there is an absence of reliable research pointing to the effectiveness of a reduced jackpot limit. The NSW Government highlighted that the Productivity Commission's report on gambling did not itself recommend jackpot limits.<sup>30</sup>

3.36 Instead, it was put to the committee that gamblers who spend more than they can afford are problem gamblers regardless of how high or low that sum might be.<sup>31</sup>

### ***Limiting cash input***

3.37 Similar arguments were put forth about the proposed \$20 cash input limit. The NSW Government, for one, posited that there was 'no conclusive research suggesting that a cash input limit of \$20 would slow the intensity of gaming machine play.'<sup>32</sup>

3.38 The committee notes the call for further research in this area.

### **Reforms already underway**

3.39 This bill is not the first or indeed only attempt made at tackling the evident harm caused by electronic gaming machines.

3.40 Key federal government measures being rolled out are outlined below.

### ***Legislation***

3.41 The *National Gambling Reform Act 2012* gives effect to the gambling reforms announced by the government on 21 January 2012. These include:

- by the end of 2013, new poker machines manufactured in, or imported into, Australia must be capable of supporting an approved pre-commitment system;
- by the end of 2016, all gaming machines must be part of a state-linked pre-commitment system and display electronic warning messages (noting that eligible small venues will have longer to implement this requirement); and

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28 Australasian Casino Association, *Submission 15*, p. 2.

29 ACA, *Submission 15*, p. 1.

30 NSW Government, *Submission 8*, p. 3.

31 See, for example, Gaming Technologies Association, *Submission 4*, p. 3.

32 NSW Government, *Submission 8*, pp 2–3.



- a \$250 a day ATM withdrawal limit for gaming venues (other than casinos) from 1 May 2013.<sup>33</sup>

3.42 The Act is the first piece of legislation introduced by a national government aimed at problem gambling. The government is confident the measures introduced by the Act will assist individuals to control their gambling behaviour.<sup>34</sup>

#### *Pre-commitment*

3.43 Pre-commitment refers to a system whereby poker machine players are required to pre-set limits before they gamble. It is a system designed to help poker machine players stick to these limits. The committee has previously inquired into and described the design and implementation of a pre-commitment system at length.<sup>35</sup>

3.44 When the government asked the Productivity Commission to look into gambling in Australia. An extensive, 18-month inquiry ensued, during which particular emphasis was placed on assessing harm minimisation measures. The resulting report concluded that pre-commitment was the best and most effective means of addressing challenges faced by problem and at-risk gamblers without simultaneously adversely affecting recreational gamblers. As a consequence, the government is supporting a pre-commitment scheme to reduce problem gambling, proposing that a system be in place and operational by 2016.

3.45 Furthermore, independent technical advice cited by FaHCSIA indicates that implementing pre-commitment is more cost-effective than implementing \$1 bet limits. The department explained that adapting machines to be pre-commitment or \$1 bet ready were two different propositions:

The solution for precommitment—mandatory or voluntary—is different from the solution for \$1 bets. There are \$1 bet capable machines at the moment, so we know that there is a capability already on the floor in some venues, and in fact precommitment does operate—venue linked but not necessarily state linked. For those machines that are precommitment

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33 The Hon Jenny Macklin MP, Second reading speech, *House Hansard*, 1 November 2012, pp 12912–12913. For more on the National Gambling Reform Bill 2012 see the committee's fourth report, available at:

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=gambling\\_reform\\_ctte/completed\\_inquires/2010-13/gambling\\_reform\\_legislation\\_2012/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=gambling_reform_ctte/completed_inquires/2010-13/gambling_reform_legislation_2012/index.htm)

(accessed on 4 June 2013).

34 Government response to the committee's fourth report, *National Gambling Reform Bill 2012 and other related bills*, available at:

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=gambling\\_reform\\_ctte/completed\\_inquires/2010-13/gambling\\_reform\\_legislation\\_2012/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=gambling_reform_ctte/completed_inquires/2010-13/gambling_reform_legislation_2012/index.htm)

(accessed 30 May 2013).

35 See Joint Select Committee on Gambling Reform, first report, *The design and implementation of a mandatory pre-commitment system for electronic gaming machines*, May 2011, available at:

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=gambling\\_reform\\_ctte/completed\\_inquires/2010-13/precommitment\\_scheme/report/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=gambling_reform_ctte/completed_inquires/2010-13/precommitment_scheme/report/index.htm) (accessed 27 May 2013). Note: this report covered mandatory pre-commitment.

capable, there is an additional piece of hardware that is around \$2,000 that can be bought—bolt on, sandwich or wedge board, whatever terminology we use. With that piece of equipment and having the central monitoring system talking across venues, that could be something that could be done more readily in terms of machines being precommitment capable at the moment and knowing that the solution is not the same solution as the software solution with \$1 bets. So, from what we understand, it is a different type of solution and there is already a capability that exists within machines that are being built today.<sup>36</sup>

3.46 Whether or not a pre-commitment trial will get underway in the Australian Capital Territory this year is still, regrettably, uncertain,<sup>37</sup> however FaHCSIA outlined the work that had been done in preparation:

We went to the market with an EOI in December last year for preparatory work on the trial. That is looking at an optimum trial design and an optimum trial evaluation. We were looking at what an optimum mandatory precommitment trial looks like without having to look specifically at, for instance, the communication protocol that exists in the ACT. It was to look at the particular issues around ACT venues and some of that migration issue. Towards the middle of this year we will have findings and a range of evidence that will help us to more quickly go to the market for the actual trial proper.<sup>38</sup>

We are not easing off on the work that we have in front of us, which is the trial preparatory work and the optimum trial design.<sup>39</sup>

### ***Other measures***

3.47 The bill seeks the application of uniform harm minimisation national standards. Work to achieve this, however, is also already underway.

3.48 Pursuing national standards, the federal government has already consulted State and Territory Premiers and Chief Ministers in order to establish the high-level Council of Australian Governments (COAG) Select Council on Gambling Reform. This body is charged with progressing a national, consultative approach to harm

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36 Ms Leesa Croke, Acting Group Manager, Problem Gambling and SACS Group, Department of Families, Housing, Community Services and Indigenous Affairs, *Committee Hansard*, 22 February 2013, p. 45.

37 This is due to a decision by Clubs ACT to postpone the trial until after the 2013 federal election. See the committee's discussion with representatives of FaHCSIA, *Committee Hansard*, 22 February 2013, p. 43.

38 Ms Leesa Croke, Acting Group Manager, Problem Gambling and SACS Group, Department of Families, Housing, Community Services and Indigenous Affairs, *Committee Hansard*, 22 February 2013, p. 43.

39 Ms Leesa Croke, Acting Group Manager, Problem Gambling and SACS Group, Department of Families, Housing, Community Services and Indigenous Affairs, *Committee Hansard*, 22 February 2013, p. 44.

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minimisation, and has already 'agreed to support the required infrastructure for pre-commitment in every venue across Australia.'<sup>40</sup>

3.49 On this point, the NSW Government added:

NSW is currently leading a national review of the standard and its accompanying jurisdictional appendices. The aims of the project include achieving greater consistency and minimising jurisdictional differences in the national standards. This will assist industry to meet its obligations and requirements.<sup>41</sup>

#### *Dynamic warning trials*

3.50 Together with the Commonwealth, the Queensland Government is working to trial dynamic warning technology in that state. The trial is to run for six months, and will involve machines which periodically display information and warnings about the risks of gambling while people use poker machines.<sup>42</sup>

3.51 As outlined in the committee's fourth report, the committee notes the potential to use dynamic messaging in a targeted way in order to interrupt problem gambling.<sup>43</sup>

#### *Industry initiatives*

3.52 In addition, industry representatives emphasised the point that a consultative and cooperative approach was most likely to produce results. Outlining its own harm minimisation efforts, the ALH Group, which operates 323 hotels and over 450 retail liquor outlets across the country and employs over 16,000 people, reiterated the view that gambling is only acceptable when it is undertaken and facilitated responsibly. The ALH Group stated:

As a result we exceed our legal and regulatory obligations in terms of how we manage our hotel and gaming operations. For example we:

- Conduct comprehensive training, including additional, mandatory full day training for hotel managers and key gaming staff at hotels;
- Have a Hotel and Gaming Charter and conduct rigorous internal and external audits to ensure that its standards are being adhered to;

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40 Government response to committee's first report, *The design and implementation of a mandatory pre-commitment system for electronic gaming machines*, May 2011, available at: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=gambling\\_reform\\_ctte/completed\\_inquires/2010-13/precommitment\\_scheme/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=gambling_reform_ctte/completed_inquires/2010-13/precommitment_scheme/index.htm) (accessed 27 May 2013).

41 NSW Government, *Submission 8*, p. 3.

42 FaHCSIA, *Submission 5*, p. 3.

43 Joint Select Committee on Gambling Reform, Fourth Report, National Gambling Reform Bill 2012 and related bills, available at: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=gambling\\_reform\\_ctte/completed\\_inquires/2010-13/gambling\\_reform\\_legislation\\_2012/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=gambling_reform_ctte/completed_inquires/2010-13/gambling_reform_legislation_2012/index.htm) (accessed on 4 June 2013).

- Are in the process of screening and separating gambling areas from other areas of its hotels so they are not visible to children;
- Partner with expert groups including Gambler's Help in each State to provide counselling services to patrons; and

These measures are in addition to numerous Federal and state regulations aimed at reducing problem gambling such as:

- Providing a self-exclusion program at each venue;
- Training all staff in the responsible service of gambling products;
- Only paying large wins to patrons by cheque;
- Having limits on amounts that can be withdrawn from ATM and EFTPOS facilities;
- Not allowing gamblers to use credit when gambling;
- Not locating ATMs in areas set aside for gambling. In Victoria, in line with regulatory requirements, no ATMs are located in venues with poker machines;
- Providing information on counselling services to all patrons; and
- Imposing advertising restrictions on material promoting gambling.<sup>44</sup>

## Conclusion

3.53 Considering the substantial harm minimisation work already underway, the committee has to question whether this bill, with its uncertain outcomes, is necessary.

3.54 Noting that research to support most of the proposed measures is at this stage inconclusive, and that both maximum bet and cash input limits are already being considered through the COAG Select Council on Gambling Reform,<sup>45</sup> the committee sees wisdom in allowing this process to play out before far-reaching and potentially costly policy decisions are made.

3.55 The committee supports the intentions underpinning the proposed legislation, noting strong community support for the implementation of harm reduction measures.

3.56 The committee is committed to addressing the negative effects of problem gambling. However, having considered all of the evidence made available during this inquiry, the committee is not convinced that passing the bill would achieve the desired outcomes.

3.57 Instead, the proposed legislation would potentially introduce complex, costly reforms without first demonstrating their efficacy. The government has demonstrated its commitment to harm minimisation by supporting pre-commitment, which is based on evidence indicating that setting spending limits can help individuals reduce the amount of money they spend on gambling. These evidence-based reform initiatives

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44 ALH Group, *Submission 16*, pp 2–3.

45 NSW Government, *Submission 8*, p. 4.

are being introduced collaboratively, through consultation with and input from all stakeholders.

3.58 Should the need arise, the committee believes that the proposed measures can be revisited once more research is available and stakeholders have had more opportunity to engage with state and federal governments.

**Recommendation 1**

**3.59 The committee recommends that the Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012 not be passed.**

3.60 While signing this report as Chair of the committee, I do not support the conclusions reached by the committee. Instead, my position on the legislation is covered in a following dissenting report.

