

Coalition committee members' additional comments

1.1 Coalition committee members support the committee majority's recommendation against passing the Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012 (the bill), but wish to emphasise several key points which arose over the course of this inquiry.

Lack of evidence

1.2 A significant number of submissions argued that the evidence to support the bill was insufficient.¹

1.3 Coalition committee members note that a \$1 bet limit is supported by the Productivity Commission and may appear to be an attractive measure at face value. Nonetheless, research on the benefits of this specific limit is not currently available. As put by Professor Alex Blaszczynski:

Unfortunately, no funding or interest from either industry or government sources was available to the researchers...to continue undertaking a systematic series of studies to evaluate the effectiveness of the \$1 max bet and other machine modification as responsible gaming initiatives. As a consequence, this represents a missed opportunity to obtain empirical evidence that would be extremely useful currently to inform policy makers and the current Joint Select Committee of the effectiveness of the recommendations made by the Productivity Commission.

...

To date, there are no peer-reviewed publications or reports that we are aware of that have systematically compared the maximum bet sizes and the prevalence and incidence of problem gambling or gambling related harms across international jurisdictions, that has taken into account or controlled for the diversity of competing forms of gambling.²

1.4 Clubs Australia added that the Productivity Commission did not undertake a proper cost-benefit analysis of \$1 bets, arguing that the cost of implementation, coupled with the loss of revenue, would compromise the financial viability of local clubs and jeopardise tens of thousands of jobs.³

1.5 Although a bill purporting to reduce harm caused by excessive gambling has credibility at face value, Coalition committee members cannot support reforms which are not backed up by conclusive empirical data. Policymaking decisions should be based on fact, not opinion.

1 See for example Professor Alex Blaszczynski, *Submission 1*; Clubs Australia, *Submission 7*; NSW Government, *Submission 8*; Gaming Technologies Australia, *Submission 4*; Aristocrat, *Submission 9*; Australasian Gaming Council, *Submission 12*.

2 Professor Alex Blaszczynski, *Submission 1*, p. 2.

3 Clubs Australia, *Submission 7*, p. 6.

Unnecessary legislation

1.6 Coalition committee members are firmly of the view that legislation should only be introduced if the benefits it would bring are clear and founded on solid evidence. This is not the case where the proposed bill is concerned.

1.7 Limiting consumer spending on electronic gaming machines (EGMs) is, as put by Clubs Australia, a value-laden initiative.⁴ The fact is that most people who use EGMs are recreational players who do not have a gambling problem. This being the case, it would be disingenuous to impose limits which would curb the recreational freedom of millions of Australians without demonstrably helping the small minority of gamblers who experience problems with controlling their expenditure.

1.8 Clubs make a considerable economic contribution to their local communities. They provide social venues, entertainment, employment opportunities, sporting infrastructure and revenue. This contribution could be placed in jeopardy by this bill.

The bill is predicated on incorrect premises

1.9 Coalition committee members are of the view that much of the argument for this bill is predicated on contentious assumptions.

Incorrect characterisation of poker machines

1.10 For example, submissions such as that from Clubs Australia hold that Australian poker machines have been incorrectly characterised as high intensity. They are joined in this argument by others, such as the Gaming Technologies Association.

1.11 Whereas the committee repeatedly heard that the Productivity Commission estimates players can lose around \$1200 in a single hour on a gaming machine, this figure is challenged by submitters.⁵ Gaming Technologies Australia, for one, countered the hypothesis:

The fact is, Australia's poker machines are among the world's least "intense". Their rate of play is slower and their maximum bet is lower than almost all of the other seven million gaming machines in operation everywhere else in the world.⁶

Targeting non-problem gamblers and industry

1.12 This bill is based on the assumption that all poker machine players are vulnerable to addiction. The truth is that only a fraction of poker machine players experience problems. The vast majority of players are ordinary Australians who enjoy playing EGMs as a legitimate leisure activity:

The language used to frame the debate is pejorative and highly emotional: poker machine expenditure is labelled as 'losses', rather than 'spending'; the players are constantly referred to as vulnerable, their actions 'manipulated'

4 Clubs Australia, *Submission 7*, p. 4.

5 See Gaming Technologies Association, *Submission 4*, p. 2.

6 Gaming Technologies Association, *Submission 4*, p. 2.

by 'unscrupulous' industry ("poker machine barons"), and state and territory governments are 'addicted' to tax revenue. Players are described as highly suggestible and unable to exercise free will to make rational choices. The argument follows that 'dangerous losses' must be prohibited in these circumstances.⁷

1.13 As well as in essence targeting primarily recreational, not problem, gamblers, this bill would also bring with it considerable implementation costs to industry. As put by Mr Ross Ferrar, Chief Executive Officer of Gaming Technologies Australia, when asked to explain the cost of making changes to poker machines:

It varies according to the age of the machine. What we have said to the Productivity Commission, the committee, the government and the opposition is that where a machine is—as a rule of thumb—three years old or younger, it will be just a software update. We call that a game change. For example, when a current machine is running a game and the owner of that machine wants to run another game, they have to replace the software—hence the term 'game change'. The cost of that varies, but as a rule of thumb we are saying \$5,000. Where a machine is between three and five years of age, there will be additional hardware upgrades required as well. Our technical committee has estimated that that would be on average about \$9,000. Where a machine is older than five years, the machine would have to be replaced. The median cost of a new machine is about \$25,000. We have been saying those figures for quite some time now, so I am a little bit nervous about them. They may be a little conservative.⁸

1.14 The Productivity Commission, although in support of \$1 bet limits, nonetheless itself acknowledged that this bill would have a 'significant' effect on the revenue venues generate, which would, in turn, result in some closures and job losses.⁹

Conclusion

1.15 Coalition committee members acknowledge that gambling is a problem for some Australians and hold that more should be done to tackle problem gambling. It is not sufficient to introduce costly and far-reaching reforms which would affect predominantly recreational gamblers however—this would do little to achieve the desired outcomes.

1.16 Reforms must recognise and account for the fact that most Australians gamble responsibly, and are able to control their own expenditure on this leisure pursuit. They must also recognise that the sector provides thousands of jobs. Coalition committee members support evidence-based initiatives such as voluntary pre-commitment, and as such do not support legislation which is not evidence-based and will cost jobs without

7 Clubs Australia, *Submission 7*, p. 9.

8 Mr Ross Ferrar, Chief Executive Officer, Gaming Technologies Australia, *Committee Hansard*, 22 February 2012, p. 15.

9 See discussion with Dr Ralph Lattimore, Assistant Commissioner, Productivity Commission, *Committee Hansard*, 22 February 2013, p. 11.

helping problem gamblers. We therefore agree that the Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012 bill should not be passed.

1.17 We also agree that the Anti-Money Laundering Amendment (Gaming Machines Venues) Bill 2012 and the Interactive Gambling Amendment (Virtual Credits) Bill 2013 should not be passed.

Mr Steven Ciobo MP

Mr Josh Frydenberg MP