

Chair's Preface

In 2010 the Productivity Commission released its most recent report into problem gambling in Australia. The Commission concluded that 95,000 Australians are poker machine problem gamblers while another 95,000 are at risk of becoming so.¹ Between five and 10 people are affected by each problem gambler, bringing into the millions the total number affected.²

Of the 600,000 Australians who play poker machines weekly 15 per cent are problem gamblers.³ They lose almost \$5 billion each year,⁴ a staggering figure pointing to the scale of the tragedy associated with poker machines. Problem gamblers routinely lose everything including their jobs, family and friends, homes, minds and sometimes even their lives.

The Productivity Commission recommended a raft of harm minimisation measures, the most important of which is mandatory pre-commitment (MPC). This is a system requiring poker machine players to set limits on their losses before they start gambling. MPC requires lock-out when limits are reached, cooling-off periods for limit increases, safeguards to prevent gamblers from machine hopping and have available an effective self-exclusion function.

A significant reason for the prevalence of poker machine problem gambling in Australia is the preponderance of high intensity poker machines with high bet limits, fast games, big jackpots and substantial cash load-up capacity. They produce a high level of volatility and the likelihood of big losses, often well over \$1,000 an hour.⁵ For instance poker machines are not uncommon in Australia with \$10 bets, game times of a few seconds and jackpots so big they're paid only once in the life of the machine. Many thousands of dollars can be loaded up at one time through cash note receptors. MPC will help protect gamblers playing such high intensity machines.

1 Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 5.25. The Commission also estimated the number of Australians classified as problem gamblers was 115,000; with a further 280,000 at moderate risk. See, Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 2.

2 Mr Denis Fitzgerald, Catholic Social Services Victoria estimated for every problem gambler around seven others were affected. Mr Denis Fitzgerald, *Proof Committee Hansard*, 2 February 2011, p. 17.

3 Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 5.1.

4 Based on total losses of \$11.9 billion in 2008–09, with 40 per cent of this amount coming from problem gamblers. Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 2.1 and p. 5.33.

5 Productivity Commission found that it was easy for players to lose \$1,500 or more an hour. Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 2.

But many of Australia's 600,000 regular poker machine players, and millions more genuinely occasional recreational players, would be just as happy to gamble on the sort of low intensity machines referred to by the Productivity Commission and available overseas. Such machines would not need to be part of the MPC regime as they are relatively safe due to a \$1 maximum bet and other features limiting losses to an average of \$120 an hour. Venues will need to have MPC high intensity machines or non-MPC low intensity machines, or a combination of both.

Industry concerns with these reforms are unwarranted. For a start MPC is not too expensive, as evidenced by industry leaders who've said they're happy to see voluntary pre-commitment on all machines—which would incur virtually the same cost as fitting MPC. Reliance initially on jurisdiction-based technical solutions will help keep implementation costs down.

MPC will not unduly affect revenue, except in venues with a heavy reliance on problem gamblers. Nor will it be onerous for small venues—pubs and clubs running 15 machines or less—especially in rural and regional areas, because such venues will have until 2018 to introduce MPC. This is four years more than larger venues and two years more than the Productivity Commission recommended.

MPC doesn't require 'a licence to gamble', because most players will prefer and choose to utilise the low intensity machines not covered by MPC. For the same reason MPC can't possibly drive recreational gamblers away and venues to the wall. Moreover MPC will be no more onerous on people's privacy than existing club memberships and venue loyalty schemes. It will be card based with no reliance on fingerprinting or biometric data.

Like pubs and clubs, casinos will need to have MPC high intensity machines or non MPC low intensity machines, or a combination of both. There will be no exemptions for casinos, except that foreign tourists can be provided with cards overriding MPC.

Millions of Australians are suffering from poker machines and something must be done about it as quickly as possible. Introduction of an effective mandatory pre-commitment system by the earliest possible date—2014—is now an urgent and critical national priority. Our children will judge the Members and Senators of the 43rd Parliament on this. As they should.

Mr Andrew Wilkie MP

Chair