

## Additional Comments by Senator Xenophon

1.1 Poker machines in Australia are an unsafe and addictive product, and cause significant harm to hundreds of thousands of Australians.

1.2 In its 2010 Report into Gambling, the Productivity Commission found that 115,000 Australians are problem gamblers (95,000 addicted to poker machines alone), with a further 280,000 at risk of developing a full-blown addiction.<sup>1</sup>

1.3 The Productivity Commission also found that \$12 billion is lost on poker machines each year, with 40 percent of that coming directly from problem gamblers.<sup>2</sup>

1.4 Some examples of the harm caused to people's lives as a result of poker machine addiction were shared with the Committee – and the Committee is grateful to these individuals for bravely sharing their stories – but sadly these are just a handful of the thousands of similar experiences around the country.

1.5 The Alfred Hospital in Melbourne reported in 2010 that 1 in 5 people who attended its Emergency Department after attempting suicide identified problem gambling as the reason for their suicide attempt.<sup>3</sup>

1.6 The time to reform the poker machine industry is now. Uniform national mandatory pre-commitment will give those who play high intensity machines more control over how much they're willing to lose.

1.7 Today, for example, an individual may start to play on a machine with the intention of only spending \$50. But before he or she knows it, they're chasing their losses and suddenly they've put \$500 into the machine. Indeed, the Productivity Commission found that on today's machines, it is possible to lose \$1500 or more in just one hour.<sup>4</sup>

1.8 The reforms preposed are about making an inherently dangerous product safer.

1.9 To seriously tackle problem gambling, pre-commitment on high intensity machines must be mandatory. A study into poker machine pre-commitment schemes

---

1 Productivity Commission, *Gambling*, Commonwealth of Australia, Canberra, 2010, p. 2.

2 Productivity Commission, *Gambling*, Commonwealth of Australia, Canberra, 2010, p. 2.

3 K Hagan, 'Gambling linked to one in five suicidal patients', *The Age*, 21 April 2010, <http://www.theage.com.au/national/gambling-linked-to-one-in-five-suicidal-patients-20100420-srri.html>, (accessed 27 April 2011).

4 Productivity Commission, *Gambling*, Commonwealth of Australia, Canberra, 2010, p. 2.

prepared for the Nova Scotia Gaming Foundation in Canada, found that voluntary schemes consistently failed because they relied on the willpower of players.<sup>5</sup>

1.10 The Nova Scotia study found that high risk players were unlikely to use a voluntary system. It also found that high risk players would often continue to gamble beyond their limits unless they were locked out of play and that they lost more money than they intended "most times they play".<sup>6</sup>

1.11 Unfortunately, State and Territory Governments are compromised when it comes to reform of the gambling industry.

1.12 Each year, the States and Territories receive an average of 10 percent of their revenues (higher in States such as Victoria (13 percent), South Australia (13 percent) and the Northern Territory (17 percent)) from gambling taxes.<sup>7</sup>

1.13 But what the States and Territories have overlooked is the social cost of gambling. The Productivity Commission found that the social cost of problem gambling is \$4.67 billion a year.<sup>8</sup> And for every problem gambler, the lives of between 5 and 10 others are affected.<sup>9</sup>

1.14 Because the States and Territories are compromised, the Commonwealth must intervene and the Australian Government Solicitor has found that the Commonwealth has the power to do so. Now it's a case of having the political will.

1.15 The campaign against gambling reform by Hotels and Clubs has been misleading, alarmist and nothing more than a scare campaign. (Calling the reforms 'un-Australian' smacks of hysteria and hypocrisy.)

1.16 Claims about the cost of implementation of a pre-commitment system have been grossly exaggerated. Hotels and Clubs have claimed that it will cost the industry

---

5 T Schellink, et al, 'Evaluating the Impact of the "My-Play" System in Nova Scotia', Nova Scotia Gaming Foundation, October 2010, [http://www.nsgamingfoundation.org/uploads/Research/Technical%20Report%20Phase%201%20My-Play%20Benchmark%20Final%20%20\\_Focal\\_%20Jan%2028%202011.pdf](http://www.nsgamingfoundation.org/uploads/Research/Technical%20Report%20Phase%201%20My-Play%20Benchmark%20Final%20%20_Focal_%20Jan%2028%202011.pdf) (accessed 27 April 2011).

6 T Schellink, et al, 'Evaluating the Impact of the "My-Play" System in Nova Scotia', Nova Scotia Gaming Foundation, October 2010, [http://www.nsgamingfoundation.org/uploads/Research/Technical%20Report%20Phase%201%20My-Play%20Benchmark%20Final%20%20\\_Focal\\_%20Jan%2028%202011.pdf](http://www.nsgamingfoundation.org/uploads/Research/Technical%20Report%20Phase%201%20My-Play%20Benchmark%20Final%20%20_Focal_%20Jan%2028%202011.pdf) (accessed 27 April 2011).

7 L Hancock and M O'Neil, *Risky Business – Why the Commonwealth needs to take over gambling regulation*, Deakin University Australia, 2010, p. 11.

8 Productivity Commission, *Gambling*, Commonwealth of Australia, Canberra, 2010, p. 2.

9 Productivity Commission, *Australia's Gambling Industries*, Commonwealth of Australia, Canberra, 1999, p. 23.

---

around \$4 billion,<sup>10</sup> however the Independent Gambling Authority told the Committee that it would cost around \$1000 per machine to upgrade it with pre-commitment technology.<sup>11</sup>

1.17 The Hotels and Clubs have also said that people will "have to apply for a licence just so you can have a \$5 punt". This is a big fat lie. The proposed reforms are directly aimed at poker machines, not on all forms of gambling, which the word 'punt' implies. People will not have to meet a test nor have to qualify to be able to play on a poker machine. The reforms will not impact recreational players and certainly will not affect those wanting to play \$5 (or even \$50 or more) on a low intensity poker machine, as the Committee has recommended.

1.18 The Clubs have also claimed that there will be a "loss of freedom and privacy". Again, this is untrue. Under any pre-commitment scheme, players will still be able to choose how much they are willing to lose and over what period of time. It will not restrict people's ability to play on poker machines.

1.19 Further, there will be no central database or player tracking – there is no interest in collecting such data and this suggestion is hypocritical because Hotels and Clubs already collect personal details through their loyalty schemes and member cards.

1.20 Hotels and Clubs also spuriously claim there will be a "loss of support to sporting clubs and community groups". The Productivity Commission in its 2010 Inquiry Report into Gambling refers to the community benefits the Clubs espouse they provide.

Gambling venues, particularly clubs, also make significant social contributions. However:

- many of these benefits are to members, not to the public at large
- the claimed benefits of gambling revenue on sporting activities and volunteering do not appear strong. Indeed, the presence of gambling may adversely affect volunteering rates
- the (gross) value of social contributions by clubs is likely to be significantly less than the support governments provides to clubs through tax and other concessions
- given this, there are strong grounds for the phased implementation of significantly lower levels of gaming revenue tax concessions for clubs, commensurate with the realised community benefits.<sup>12</sup>

1.21 Twin Towns Services Club in Tweed Heads is a typical example.

---

10 John Whelan quoted in 'Pokies limits 'would cost hotels \$4b'', ABC News Online, 15 February 2011, <http://www.abc.net.au/news/stories/2011/02/15/3139200.htm> (accessed 27 April 2011).

11 Independent Gambling Authority, *Submission 33*, p. 3.

12 Productivity Commission, *Gambling*, Commonwealth of Australia, Canberra, 2010, p. 6.1

1.22 In 2010, it received \$36.7 million in revenue from pokies and only donated \$946,000 in cash, gifts or services. And these 'services' include things for the exclusive use of club members such as the bar, beer taps and building improvements.<sup>13</sup>

1.23 The campaign by Hotels and Clubs is blatantly misleading and designed to do nothing but misinform and scare the public. It does not accurately represent the intention of the proposed gambling reform agenda; rather it proves once again that this self-interested industry does not seriously want to address the issue of problem gambling.

1.24 Mandatory pre-commitment on high intensity machines will be a significant measure to tackle problem gambling and will directly help those addicted to poker machines to better control how much they are willing to lose.

1.25 Further to Recommendations 34 and 35, any national standards for poker machines should require all new machines to be pre-commitment ready.

1.26 I have reservations in relation to loyalty schemes being linked to pre-commitment schemes (Recommendation 27). Any national regulatory authority should have strict criteria to prevent such linkage if there is an appreciable risk of adverse consequences.

1.27 I also have reservations over machines without mandatory pre-commitment being configured to reliably limit an average loss of around \$120 per hour (Recommendation 36). This recommendation would have more merit if all machines were reduced to such a maximum limit. While this would be a significant improvement on the status quo, a preferred approach would be for losses to be limited to an average of around \$20 or \$30 an hour (akin to the spending for a night at the movies or going out to dinner) with a smaller maximum jackpot of \$250.

1.28 Further, I have reservations about foreign tourists in casinos being issued with a card that overrides the mandatory pre-commitment scheme for a period of 24 hours (Recommendation 43). Given mandatory pre-commitment would not apply to casino table games, and overseas students and permanent residents with dual citizenships could use their passport to override safeguards, the exemption is inherently open to abuse.

**NICK XENOPHON**

**Independent Senator for South Australia**

---

13 Mr Robert Smith, *Committee Hansard*, 4 February 2011, pp 32-33.