



Clubs Australia

“The evidence on mandatory pre-commitment
is there is no evidence” –

Professor Alex Blaszczynski, The Australian Financial Review, 11/11/11

November 21 2011

THE WILKIE/GILLARD DEAL

THE AGREEMENT

The agreement between Andrew Wilkie and the Prime Minister states that any approach taken must be evidence-based and consistent with the recommendations of the Productivity Commission. Mandatory pre-commitment is neither evidence based or consistent with the Commission's recommendations.

Part 7.4 of the agreement states; *"The Parties also acknowledge and agree that any approach taken to address problem gambling **must be evidence based** and that the Government has commissioned and received a comprehensive Productivity Commission report on problem gambling."* [emphasis added]

Part 7.5 states: *"a) Implementing a best practice full pre-commitment scheme – that is uniform across all States and Territories and machines – **consistent with recommendations and findings of the Productivity Commission.**"* [emphasis added]

Recommendation 19.2 from the Productivity Commission's report recommended that;
The Australian Government should enter into negotiations with a state or territory government to sponsor a full-scale regional trial or trials of a full precommitment regime, with trialling to commence by 2013.

Trialling should:

- *test the design features of full pre-commitment for possible modification*
- ***substantiate that full pre-commitment has sufficient advantages over partial pre-commitment to justify proceeding with its implementation in all jurisdictions.*** [emphasis added]

Clubs Australia supports the Productivity Commission's recommendation to introduce voluntary [partial] pre-commitment and trial mandatory [full] pre-commitment. The Government's agreement with Mr Wilkie on the other hand is inherently flawed.

EXPERT OPINION

Professor Alex Blaszczynski, Director of the University of Sydney's Gambling Treatment Clinic, *Four Corners, ABC,*
20/6/11

"I don't believe that pre-commitment is going to have its desired effects. I think there may in fact be an unintended consequence where gamblers set higher limits and then will gamble more amounts of money to meet those particular limits."

Dr Sally Gainsbury, Centre for Gambling Education and Research, Southern Cross University, *Joint Select Committee on Gambling Reform, 4/2/11*

"There is some evidence that pre-commitment levels will actually increase gambling for problem gamblers, who will set higher limits to give themselves a buffer zone and then end up actually spending more because they are changing their own mindsets of how much they have to spend."

Alex Ferguson, CEO Lifeline Central West, *29/4/11*

"As with any addiction, prohibition in what ever form it takes will fail. If in the most draconian model, problem gamblers are banned from gaming machines, they can still participate in other forms of gambling without visibility or limit."

Dr Clive Allcock, Gambling psychiatrist, *SMH, 1/10/11*

"For the past two years, I have asked the real "experts" what they think of pre-commitment. Those who come to see me for help with their machine gaming problems are well placed to know what will work. I am reluctantly coming to the view that the government's proposal may not be the way to go."

The Salvation Army, Eastern Territory

"The Salvation Army AUE is supportive of the introduction of voluntary pre-commitment technology on all poker machines. We also support a trial of mandatory pre-commitment technology in a designated jurisdiction, as recommended by the Productivity Commission Report, 2010."

GOVT MPs WHO SUPPORT A FULL TRIAL

- **Minister for Families, Housing, Community Services and Indigenous Affairs Jenny Macklin** – *“We’ve always indicated that we’d be interested in a trial.”*
- **Minister for Sustainability, Environment, Water, Population and Communities and Member for Watson Tony Burke** – *“I want a trial.”*
- **Attorney General and Member for Barton Robert McClelland** – *“My personal view is clubs are justified in seeking additional information that the mandatory pre-commitment scheme will be effective.”*
- **Minister for Defence Materiel and Member for Blaxland Jason Clare** – *“I think let’s trial it somewhere.”*
- **Member for Eden-Monaro Mike Kelly** – *“Personally, my view is, that obviously voluntary pre-commitment would be the better option.” “I do support a trial that looks at all of the possible options to approach this issue but we must also look at the costs ... and other issues such as counselling and treatment.”*
- **Member for Page Janelle Saffin** – *“My personal position is I would prefer voluntary pre-commitment. I would prefer the clubs to lead on this and have the staff appropriately trained to support it.” and “We have a lot of clubs, I have 39 Clubs in my seat – Please test it (mandatory pre-commitment).”*
- **Member for Lindsay David Bradbury** – *“We should have a trial first.”*
- **Member for Fowler Chris Hayes** - *“18 months ago I said there needs to be further research into investment going into that (mandatory pre-commitment). Personally, I would still like to see that research and I for one have always recommended in this instance, that it should be trialled.”*
- **Member for Throsby Stephen Jones** - Mr Jones has called for a trial of the technology before it becomes law [Illawarra Mercury – 29/10/11].
- **Member for Dobell Craig Thomson** - Mr Thomson said he had no problem trialling the precommitment technology, and thought it would be a sensible thing to do [Central Coast Advocate, 9/11/11]

THE STATISTICS

**THE FACTS DO NOT SUPPORT
SILVER-BULLET SOLUTIONS**

GAMBLING SNAPSHOT

- Problem gamblers participate, on average, in an at least 4 different forms of gambling*.
- There are currently a wide range of harm minimisation measures in place to reduce the incidence of problem gambling.
- Australian problem gambling prevalence rates are falling and are amongst the lowest in world.
- The Productivity Commission estimated gambling provided the Australian community with a net social benefit of between \$3.7 and \$11.1 billion in 2008-09

*2009 Survey of The Nature and Extent of Gambling, and Problem Gambling, in the Australian Capital Territory, Australian National University 2010 p.47

SOCIAL COSTS

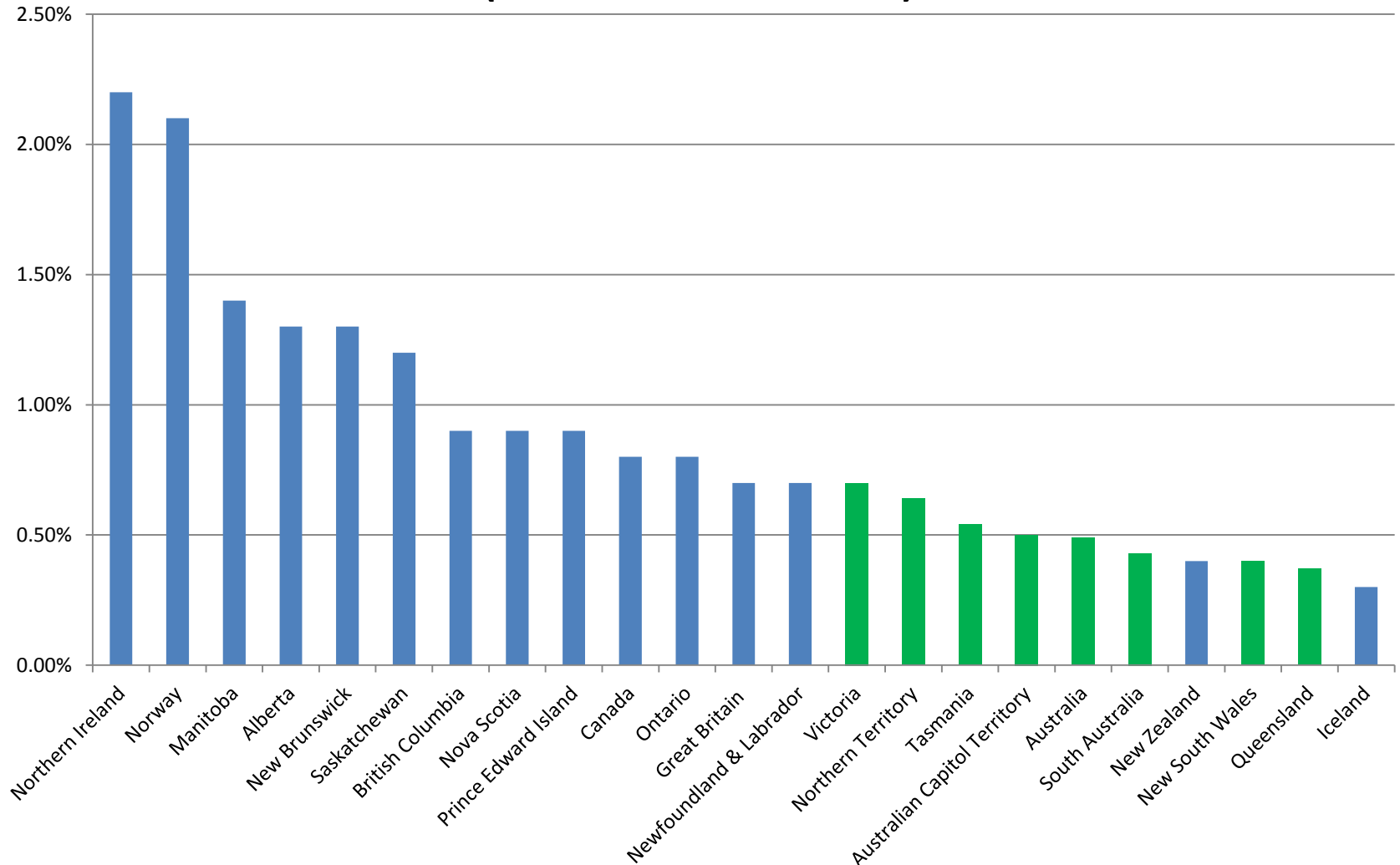
Public Health Concern	Prevalence Rates	Estimated Social Costs
Obesity	25.0%	\$58.2 billion
Smoking	19.0%	\$31.5 billion
Problem drinking	3.4%	\$15.3 billion
Illicit drug use	2.4%	\$8.2 billion
Problem gambling	0.5%	\$4.7 billion

Problem Gambling Prevalence Rates

The standard method of measuring the prevalence of problem gambling is as a percentage of the adult population. The table below shows problem gambling prevalence rates for each State and Territory, determined through independent surveys funded by State Governments.

JURISDICTION	Year	Prevalence
Australia	1999	2.07% (SOGS5+)
ACT	1999	2.06% (SOGS5+)
	2001	1.91% (SOGS5+)
	2009	0.5% (CPGI)
NSW	1999	2.56% (SOGS5+)
	2006	0.8% (CPGI)
	2008-09	0.4% (CPGI)
QLD	1999	1.88% (SOGS5+)
	2001	0.83% (CPGI)
	2003-4	0.55% (CPGI)
	2006-7	0.47% (CPGI)
	2008-09	0.37% (CPGI)
VIC	1999	2.14% (SOGS5+)
	2003	1.12% (SOGS5+)
	2003	0.96% (CPGI)
	2008	0.7% (CPGI)
NT	1999	1.89%(SOGS5+)
	2005	1.07% (SOGS5+)
	2005	0.64% (CPGI)
TAS	1999	0.44% (SOGS5+)
	2005	0.73% (CPGI)
	2008	0.54% (CPGI)
SA	1999	2.45% (SOGS5+)
	2001	1.89% (SOGS5+)
	2005	0.43% (CPGI)
WA	1999	0.7% (SOGS5+)

PROBLEM GAMBLING PREVELANCE RATES (USING CPGI 8+)



*Recent data not available for WA. The US uses an alternate problem gambling screen, making a comparison unfeasible.

Casino Style Gaming Machines by Country*

Country	Machines
Japan	1,635,860
United States	699,397
Italy	330,000
United Kingdom	248,000
Spain	246,651
Germany	212,000
Australia	200,057**
Czech Republic	60,814
Romania	59,814
Canada	57,864

*This data does not include other types of electronic gambling machines such as low-intensity or pachinko machines. When these machines are included, Australia remains at number 7 in the global ranking.

** Australian figures are based on the number of EGM licences issued, rather than the number of operational machines. The number of operational machines in Australia is decreasing and is currently around 197,000.

Productivity Commission Figures

A recent IPA report, *Gambling Away Perspective? A review of the evidence justifying electronic gaming regulations*, has raised numerous questions regarding the Productivity Commission's methodology, including;

- The published estimates of problem gamblers did not adjust for differences in the adult population in each jurisdiction, skewing the figures.
- Data from problem gambling prevalence studies conducted 11 years ago was used and given the same weighting as the most recent data collected in 2009, effectively inflating the number of problem gamblers estimated by the Commission.

The report finds that by correcting this methodology;

- The estimated number of problem gamblers falls from 116,000 to 75,000
- Problem gamblers affected by EGMs falls to 57,000 – 60,000
- The implied share of spending by problem gamblers on EGMs falls to 10-20%, rather than 41%

Productivity Commission Figures

Former commissioner of the Productivity Commission and Fair Pay Commission, Judith Sloan, has also raised concerns regarding the Productivity Commission's methodology. Professor Sloan is a non-executive Director of Westfield Holdings Limited, the Chairman of National Seniors Australia and a Director of the Lowy Institute for International Policy.

She has written:

“So a typical problem gambler loses \$21,000 in a year and losses can be up to \$1200 an hour. This makes for a total of 17.5 hours of gambling per year – which doesn't fit most people's picture of the dedicated problem gambler ... And then there is the figure of 40 per cent of revenue from problem gambling. Let us repeat 40 per cent over and over again and it must be true. But turn to PC report and the range is actually 22 to 61 per cent, which seems an extraordinarily high standard error to the estimate.”

In another article:

“the policy is formulated on the assumption that problem gambling will be stamped out by mandatory pre-commitment, even though a number of problem gamblers are likely to find loopholes in the system (that's what addiction can do to a person) and, in any case, the betting limit is set by the gambler. In the meantime, a proportion of occasional gamblers is likely to be put off altogether – it will probably be akin to getting 100 points, like opening a bank account, and, let's face it, that is a real drag.

“And then there is Wilkie's thought bubble that mandatory pre-commitment will only apply to high intensity machines and not to low intensity machines, notwithstanding the fact that there are no low intensity machines in Australia. And the exemptions for small clubs are only for time delays, so that is little help to them. I recall that Access Economics were undertaking a cost-benefit analysis of mandatory pre-commitment. I wonder what has happened to that. Maybe it does not support the Wilkie line?”

THE COST OF MANDATORY PRE-COMMITMENT

INDUSTRY FIGURES BASED ON EVIDENCE

VS.

GOVERNMENT FIGURES BASED ON CHERRY PICKING

MPC COSTS

Clubs Australia has taken the advice of International Gaming Technology (IGT), the world's largest poker machine manufacturer and the Gaming Technologies Association (GTA) which represents the eight manufacturers who produce 100% of Australia's poker machines.

Both IGT and GTA have informed Clubs Australia that facilitating mandatory pre-commitment on existing poker machines requires the following:

- Poker machines more than 5 years old will require replacement at a cost of \$25,000 each. An estimated 50% of poker machines fall into this category.
- Poker machines between 3-5 years old will require both software and hardware upgrades at a cost of \$9,000 each. An estimated 25% of poker machines fall into this category.
- Poker machines less than 3 years old will require a software upgrade at a cost of \$5,000 each. The remaining 25% of poker machines fall into this category.

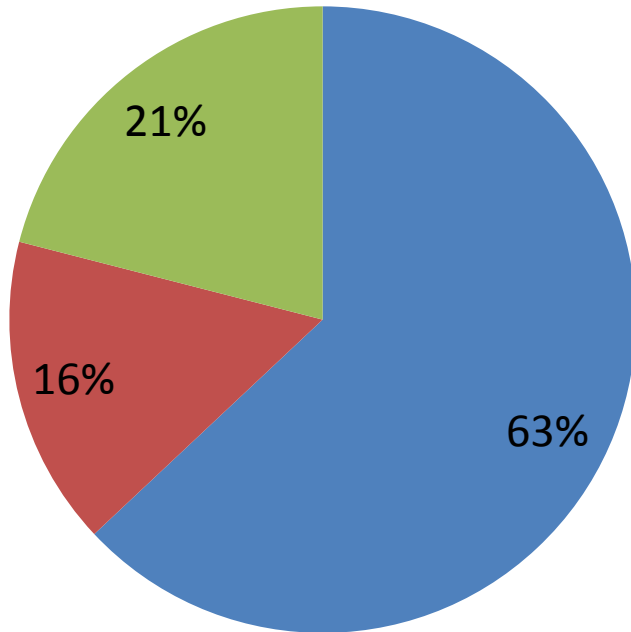
There are approximately 197,000 poker machines in Australia indicating a total cost of over \$3 billion to make the necessary changes to the poker machine installation base.

In addition to these costs, the Productivity Commission noted that MPC will require central monitoring systems used to collate gaming tax obligations to be upgraded. This cost is not included in Clubs Australia estimates but is expected to cost the taxpayer millions of dollars.

NEW SOUTH WALES AND QUEENSLAND

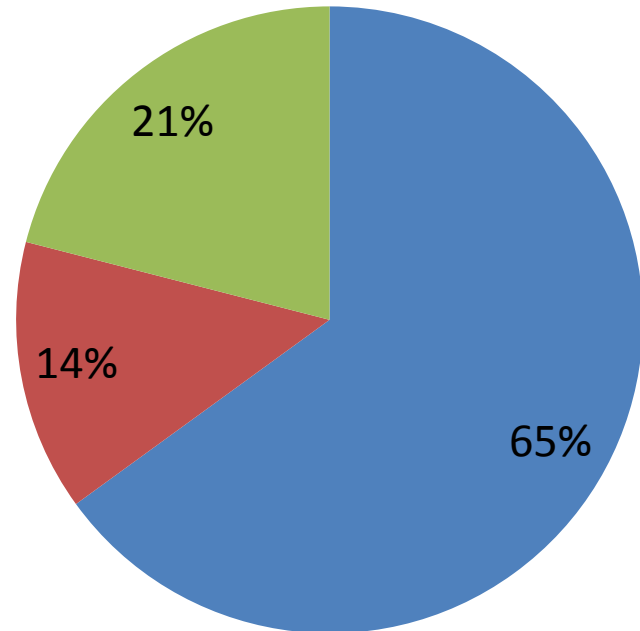
NSW

■ > 5 years ■ 3-5 years ■ < 3 years



Queensland

■ > 5 years ■ 3-5 years ■ < 3 years



COST

Minister Macklin: **“Our technical advice indicates that upgrading machines for pre-commitment would cost around \$2,000 per machine.”**

The Government has not consulted any poker machine manufacturer or Gaming Technologies Australia in relation to mandatory pre-commitment or its costs. Clubs Australia believes that the \$2,000 per machine figure comes from the trial of the Playsmart voluntary pre-commitment system developed by *Worldsmart Technologies*.

In July, GTA wrote to the Minister in relation to the above statement. In the letter GTA CEO Ross Ferrar said; *“Any estimate of \$2,000 or less per gaming machine to implement pre-commitment does not take into account the implications of making fundamental changes to its operation. ... The total cost of implementing pre-commitment in NSW and Queensland clubs and hotels would therefore currently be \$2,523,887,000 for the upgrade of gaming machines alone – excluding the cost of establishing and operating systems, networks and other necessary infrastructure.”*

Minister Macklin said: **“Other industry sources, including the Independent Gaming Authority in South Australia, estimate it would cost around \$1,000 to retrofit the required technology to existing machines.”**

- The IGA in their testimony to the Joint Select Committee on Gambling Reform indicated that the South Australian Treasury had rejected \$1,000 per machine as overly optimistic.
- The costs estimates were for voluntary pre-commitment not mandatory pre-commitment.
- The lowest quote, \$1,150, came from AMC IT Convergent, a company with no history in making equipment for poker machines.

COST CONT...

Minister Macklin said: **“A voluntary pre-commitment system would still require upgrades to poker machines and will have similar costs for pubs and clubs as the Australian Government’s proposal for full pre-commitment.”**

Karen Franks, General Manager of Worldsmart Technologies (the company that designs and manufactures the only approved voluntary pre-commitment system operating in SA) has advised that there is an additional layer of technical complexity associated with MPC and that the costs associated with voluntary pre-commitment in South Australia are not transferrable to the national MPC system proposed under the Gillard-Wilkie Deal.

In a letter to Clubs Australia, she states that the VPC system in place in South Australia is *“machine independent and uses an external pole mount or machine mount reader to display warnings and messages. It does not require a change of monitor protocol, machine upgrade or PIM and is therefore cost effective for the venue operator.”*

Minister Macklin: **“all state and territory governments, Clubs Australia and the Australian**

Hotels Association, support pre-commitment technology being installed on every poker machine in the country.”

This is a blatant misrepresentation of the position held by State and Territory Governments, clubs and pubs. We all support voluntary pre-commitment, but oppose the mandatory system being forced on the Government by Andrew Wilkie.

COST CONT ...

Minister Macklin said; **“regardless of whether the scheme is voluntary or mandatory, some machines will need to be retrofitted with card readers similar to loyalty systems.”**

The vast majority of loyalty systems do not support smartcards (where player information is stored on the card itself). If such technology is mandated to protect player privacy as seems likely, then all systems will need significant upgrade or replacement.

There are a diverse range of poker machine system providers, with 8 different communication protocols and database structures. These systems can not be incorporated into a single national network without significant modification or replacement. Put simply, it would be like trying to run Apple software on a PC, or running Windows XP software on a Windows 95 computer.

Current card-based loyalty systems in NSW cannot disable the gaming machine as required under mandatory pre-commitment. To do so would require upgrading of both the system and the gaming machines. Gaming machines more than 5 years old are no longer supported with software upgrades and therefore will require replacement.

REVENUE IMPACT

- Trials of voluntary pre-commitment in Nova Scotia and South Australia saw revenue reductions of 25% and 32% respectively.

THE NORWAY EXPERIMENT

THE ONLY COUNTRY TO HAVE IMPLEMENTED
MANDATORY PRE-COMMITMENT
SHOWS WHY IT WON'T WORK

NORWAY

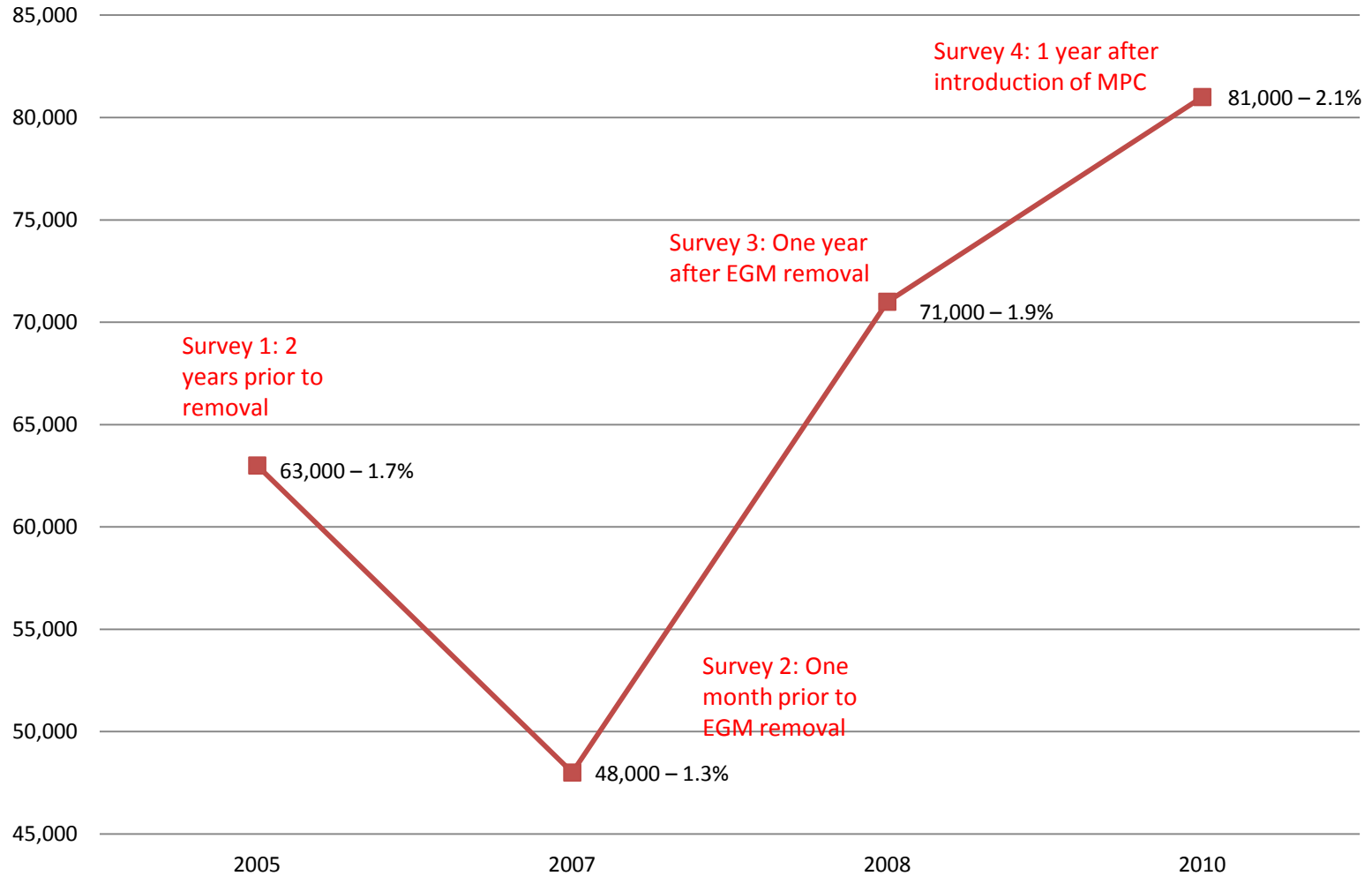
Background:

- In 2003, the Norwegian Government passed legislation banning the existing 15,000 privately operated poker machines and appointing the Government owned Norsk Tipping as the monopoly operator of machines.
- On 1 July 2007 a ban on existing poker machines came into effect and all 15,000 machines were removed from the market.
- There was an 18-month period from July 2007 to January 2009 when there were no legal poker machines in the Norwegian market.
- From 1 January 2009, Norsk Tipping commenced the roll-out of its Aristocrat manufactured Multix poker machines that incorporate mandatory commitment. By the end of 2010 just 2,300 Multix of a planned 10,000 machines were operating in Norway.

Problem gambling rates:

- Norsk Tipping commissioned Synovate Research to conduct a gambling prevalence studies in 2005, 2007, 2008 and 2010. Synovate is the world's 7th largest research company.
- Prior to the government intervention in 2007, the rate of problem gambling in Norway was in decline.
- Since the removal of the so-called 'high-risk' slot machines and replacement with mandatory pre-commitment machines, the number of problem gamblers increased from 48,000 to 81,000 in a country of approximately 5 million people.
- The situation is reflected in the Norwegian Government's gambling action plan; *[S]tudies carried out since the slot machine ban indicate that many people currently have problems involving other gambling activities, especially in relation to gambling over the Internet offered by providers from outside Norway."*

Problem Gamblers in Norway



Synovate researchers have confirmed that comparisons between the four studies are valid, as they used the same methodology and the same data quality checks on all four data sets.

NORWAY

Minister Macklin: **“Norway and Australia are incomparable”**

This is not true. The Productivity Commission extensively referenced Norway both as an example of a model of mandatory pre-commitment and as insight into possible impacts of MPC.

Senator Xenophon now also claims that comparisons with the mandatory pre-commitment system operating in Norway are both “meaningless and misleading”, despite his earlier statements on the topic. *“I do know that there has been a real difference in the level of people affected by poker machines in Norway and that's something that the parliamentary committee will look at.”* ABC Lateline 21/9/2010

A background briefing document on Senator Xenophon’s website TODAY states that, *“There have been results on full pre-commitment in Norway.”*

Minister Macklin: **“Norway does not have mandatory pre-commitment”**

Norway does have mandatory pre-commitment, the only difference between the mandatory pre-commitment in Norway and that proposed by the Government in Australia, is that in Norway the government is responsible for setting the maximum ceiling for pre-commitment limits. Players can choose their own limits at or under that ceiling.

Minister Macklin: **“There are no poker machines in Norway – they were banned in 2007. A new form of gambling – video lottery terminal – was introduced in Norway in 2009.”**

In terms of the player experience the Norwegian VLTs are almost identical to Australian poker machines. The only difference being that the symbols flip rather spin on reel. They even use the same games that are available on poker machines in Australia. Aristocrat is the manufacturer for the Norwegian machines. Aristocrat only produces one product – poker machines. As you can see from the Norwegian games ...

Examples of Norwegian Games



NORWAY CONT ...

Minister Macklin: **“The Norwegian Gambling Authority has found definitively that poker machine players did not move to online gambling when poker machines were banned in 2007.”**

Macklin quotes the September 2010 presentation to the European Association for the Study of Gambling – a study conducted prior to the introduction of the new MPC EGM’s and including only 29 problem gamblers.

Two large prevalence studies conducted in Norway following the introduction of MPC (SINTEF 2008 and Synovate 2010) found that problem gamblers were increasingly gambling online.

The Norsk Tipping annual report also states, *“Growth in turnover on the internet was substantial in 2010, rising by no less than 31.2 per cent from the year before. Over a two-year period, turnover on the web has increased from NOK 830 million to almost NOK 1.5 billion (81%).”* p.22

This doesn’t include offshore internet gambling estimated at over NOK 5 billion and growing rapidly.

In fact, Internet gambling on foreign websites has become such a problem in Norway that the Government has sought to introduce payment bans and website blocking technologies.

AND THE REST OF THE WORLD...

United Kingdom:

- Limits venues other than casinos to low intensity 'fruit machines' with small maximum bets and jackpots.
- The British Problem Gambling Prevalence Study 2010 found that these machines have limited public appeal with only 13% of the British population playing them in 2010 compared to 25% of the Australian population that play poker machines annually.
- Despite this, the rate of problem gambling among UK fruit machine players is approximately double the rate among Australian poker machine players.
- The British prevalence study found that the UK problem gambling prevalence rate was 0.7% of the adult population – the same as Victoria and higher than every other state in Australia.
- The 2010 British Gambling Prevalence Survey found that problem gambling was most prevalent among poker players followed by online slot machines players.
- In 2008, the U.K. Gambling Commission rejected mandatory pre-commitment.

Hong Kong

- Hong Kong, has a policy banning poker machines and yet has one the highest problem gambling prevalence rates in world at 5.3% of the adult population (using the DSM-IV screen).

“LOW-INTENSITY” MACHINES

THE NEXT SILVER BULLET SOLUTION?

FRUIT MACHINES - \$1 MAX BETS/\$500 JACKPOT

- On 14 November, Minister Jenny Macklin confirmed that the Federal Government remains committed to implementing MPC technology, as per the deal with Andrew Wilkie.
- Gaming Technologies Australia advises that the cost of introducing the Greens policy would be \$3.25 billion.
- The Australian Greens did not consult manufacturers or industry prior to issuing their press-release. Their only source seems to be Charles Livingstone from Monash University who has no experience in relation to the cost of implementation. He is also on the public record as a gaming prohibitionist.

FINANCIAL IMPACT OF \$1 MAX BETS

- A Centre For International Economics Report found that the introduction of \$1 maximum bet limits would result in;
 - A 17% reduction in revenue for clubs
 - A 39% reduction in revenue for pubs and casinos.
- These estimates **do not** take into account the further reduction in revenue that would occur if \$500 jackpots were introduced, a measure which would drive social punters away in droves.

PROBLEM GAMBLERS AND MAX BETS

- The Gillard Government and Andrew Wilkie use the 2006-07 QLD Gambling Prevalence Report when quoting figures relating to how many gamblers bet more than \$1 per spin.
- Minister Macklin and Mr Wilkie use this report to say that 88% of recreational gamblers bet less than \$1 per spin.
- However they do not mention that the same report found that only 5% of those who bet more than \$1 per spin were problem gamblers.

WILKIE CLAIMS

Andrew Wilkie: “Low-intensity poker machines will be rolled out with a \$1 maximum bet.” and “88 per cent of Australians who gamble \$1 or less a spin can play these machines just as they do now, without a card”

The Gillard Government has not adopted this policy position so it is still the case that every machine will have to be fitted with mandatory pre-commitment and every player will need a card.

What Mr Wilkie also fails to mention is that machines would have a maximum jackpot of \$500, which won't appeal to the casual gambler.

After all, a \$1 scratchie offers a jackpot of \$20,000!

The Productivity Commission made no recommendation to lower jackpot amounts, much less to reduce them to just \$500.

WESTERN AUSTRALIA

WA IS NOT A GAMBLING FREE ZONE

Unlike the rest of the country, West Australia has Lotterywest, which is so popular that WA has the highest lotto expenditure per capita in Australia.

Lotterywest gave \$114 million in grants last year to the community. Of that, Lotterywest gave \$12.6 million to sports and recreation clubs. There were 82 State sporting associations and 5,000 sports clubs and programs which benefited from this funding.

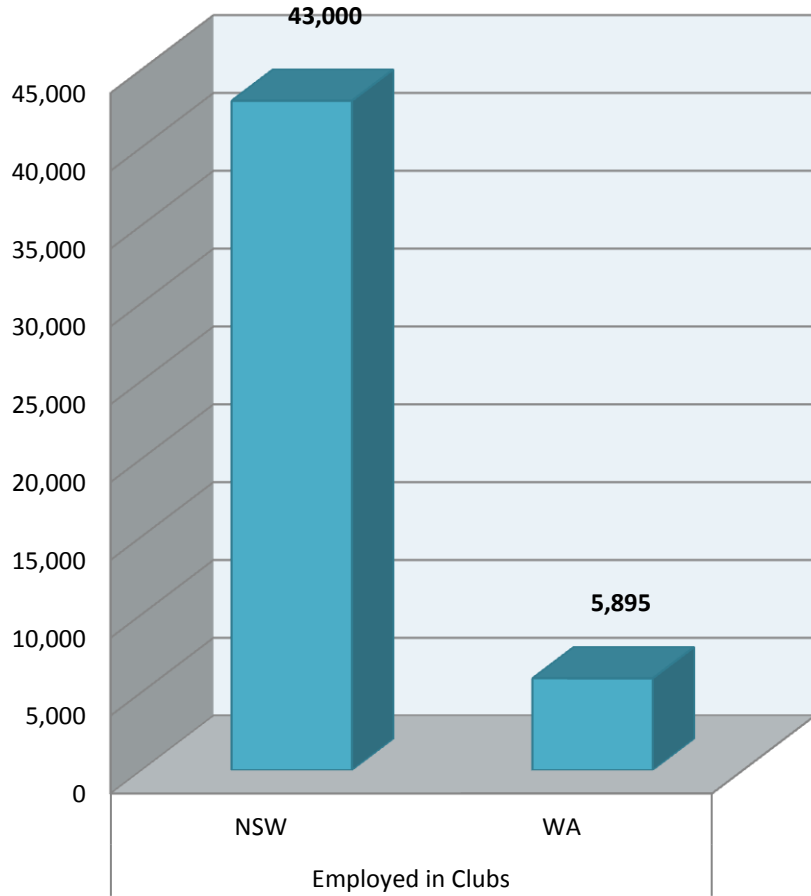
Registered clubs, the same type as Bankstown Workers or Emu Plains Sports Club, also received funding from Lotterywest.

More funding was given to the types of organisations that clubs in all other states support, such as the Lions Club, the Rotary Club and Surf Lifesaving. Last year, Surf Lifesaving WA received almost \$2 million while another half a million went to North Cottesloe Surf Lifesaving, and \$150,000 went to Albany Surf Lifesaving club.

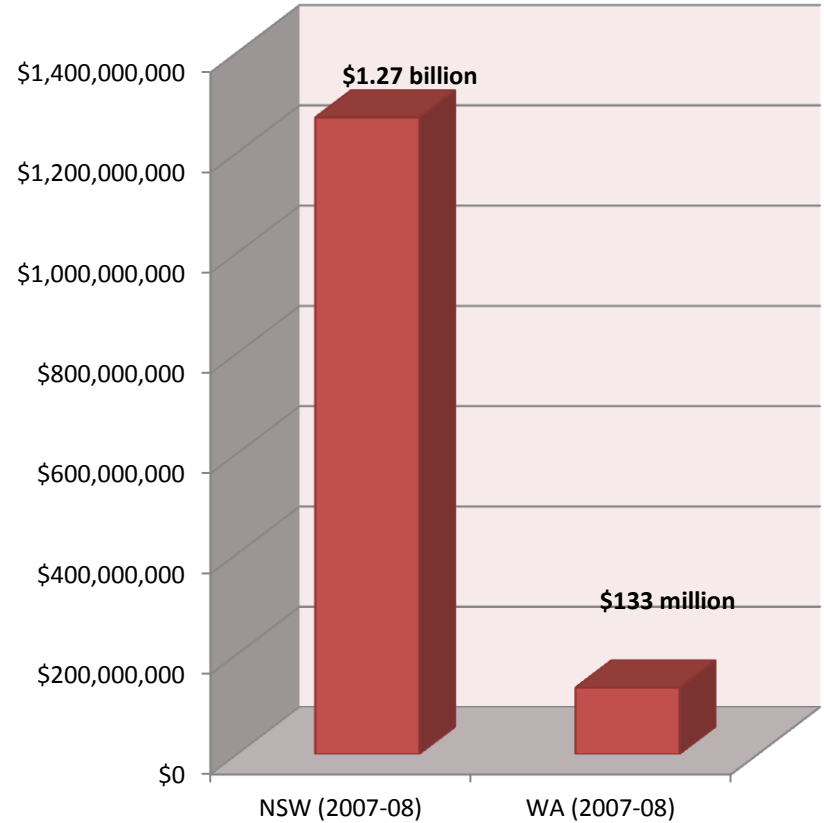
Unlike other State Governments, WA produces large surpluses, allowing the Government to fund the community and sporting groups that are funded by clubs in other states. For example, WA enjoyed a \$784 million operating surplus in 2010-11 and a \$442 million surplus in 2011-12.

WA vs. NSW Clubs

CLUB EMPLOYEES



CLUB WAGES (\$ millions)



- Clubs in Western Australia paid an estimated \$133 million in wages and salaries (including super) in 2007.
- By comparison, NSW clubs have 43,300 employees in 2007 and paid \$1.27 billion to employees in wages, salaries and entitlements, plus an additional \$253 million to contractors.
- In 2007/08, 70 per cent of Western Australia's clubs donated approximated \$5.4 million in cash grants to charities and community groups.
- In 2007/08, NSW clubs allocated \$58.7 million through its CDSE scheme. Using an expenditure approach, the Allen Consulting Group estimated the total dollar contribution by clubs in NSW to community groups is around \$1.1 billion a year.

Xenophon: **“Poker machines are a significant cause of property crime, suicide and divorce.”**

ABS statistics show that Western Australia has significantly higher property crime and suicide rates than both NSW and the national average. Divorce rates are also slightly higher in WA. NSW has the highest number of poker machines per capita and Western Australia the fewest.

Offender rate*	NSW	WA	Aust.
Robbery, extortion and related offences	22.1	41.8	20.4
Unlawful entry with intent	47.8	112.6	76.4
Fraud and deception related offences	43.7	81.8	48.8

**Offenders per 100,000*. Source: ABS 4519.0 – Recorded Crime – Offenders 2009-10

Suicide rate*	NSW	WA	Aust.
	7.9	11.8	9.9

**standardised deaths per 100,000* . Source: ABS 3303.0 – Causes of death, Australia, 2009

Divorce rate*	NSW	WA	Aust.
	2.0	2.2	2.2

**divorces per 100,000*. Source: ABS 4102.0 – Australian Social Trends, Sept 2010

OTHER COMMON CLAIMS

XENOPHON ON THE PRODUCTIVITY COMMISSION

Xenophon: ***“The Productivity Commission found that any claims that problem gambling rates are falling are false, misleading and based on selective evidence.”***

“Notwithstanding these various limitations in comparing studies over time, on balance, the Commission’s assessment of the evidence suggests that prevalence rates have fallen.”

– Productivity Commission Report p.5.37

Xenophon: ***“The Productivity Commission has spent more than a decade studying this issue and has provided significant evidence-based research showing these reforms are needed and will be effective” and “These reforms are based upon 11 years of independent study and research of this issue by the economists and social policy researchers of the Productivity Commission.”***

The truth is that the Productivity Commission did not do 11 years of studying and research rather it conducted two separate public inquiries 11 years apart.

XENOPHON ON FRUIT MACHINES

Senator Xenophon claims low intensity machines gaming machines with a \$1 maximum bet and \$500 maximum jackpot will be of significant benefit to problem gamblers. This contradicts his previous statements where he said that \$1 maximum bets would not help problem gamblers and that having both low intensity machines where problem gamblers can continue to gamble after exceeding their pre-commitment limit undermines the effectiveness of mandatory pre-commitment.

“Mr Xenophon said he was concerned that players “being drip-fed with small jackpots” would be encouraged to play longer.” – Adelaide Advertiser, 9 April 2002.

“Pre-commitment] should apply to all poker machines across all jurisdictions. A two-tiered approach (to poker machines) would undermine the effectiveness of such a strategy.” – Submission to Draft Productivity Commission Report

Host: *Did Andrew Wilkie blink too soon by giving up on the \$1 bets?*

Xenophon: *No he didn’t blink at all and in fact this (mandatory pre-commitment) is a better result than \$1 bets because having a comprehensive mandatory pre-commitment system has the potential to dramatically reduce the level of gambling addiction in this country from poker machines. – ABC Radio, 3 September 2010.*

XENOPHON ON NORWAY

Senator Xenophon currently claims that comparisons with the mandatory pre-commitment system operating in Norway are both “meaningless and misleading”. This contradicts his previous statements and those of the Productivity Commission:

“In a perfect world, there would be no poker machines, but in the absence of an outright ban I believe Australia can learn a lot from Norway, where they have introduced comprehensive measures to tackle problem gambling.”

- SMH, 22 October, 2009

“I do know that there has been a real difference in the level of people affected by poker machines in Norway and that's something that the parliamentary committee will look at.”

- ABC, Lateline ,21 September 2010

“There have been results on full pre-commitment in Norway, as well as studies of optional pre-commitment in Nova Scotia”

- Nick Xenophon Briefing Paper: “Poker Machine Reform: Further Background”

MYTH: *Recreational gamblers have nothing to fear from the mandatory pre-commitment scheme.*

A mandatory pre-commitment scheme captures all players and treats them as problem gamblers. As such, people who gamble responsibly will be required to obtain a smart card, which is in effect a 'licence to gamble'. Nick Xenophon has confirmed the technology requires the development of a player database to stop people from registering for multiple cards.

MYTH: *Australian pokie players are losing on average \$1,200 an hour.*

This is not true. This figure is calculated on the maximum amount a person can lose if they play a poker machine every 3 seconds for an hour without a break, if they bet \$10 a time. This is not how people play poker machines.

MYTH: *Poker machines earn up to \$800 per machine per day.*

The average daily revenue per machine in clubs in NSW is \$130, before tax and other expenses. There are 250 small clubs with average daily revenue per machine of \$25 or less. The top 25 clubs in NSW earn an average daily revenue per machine of \$250 – far less than the sensationalist figure of \$1200 or \$1500 per hour.

MYTH: *Poker machine numbers are linked to problem gambling prevalence.*

From 2001 and 2009, problem gambling in Queensland fell from 0.83% of the population to 0.37% . At the same time, overall gaming revenue in QLD increased as did the number of poker machines. The 2004 decision in South Australia to remove 20% of its machines was also found to have had no impact on problem gambling rates.

MYTH: *Clubs and pubs can meet the 2014 deadline to install mandatory pre-commitment (2018 for smaller venues)*

Norway is barely one third of the size of NSW, and yet the Norwegian Government has managed to install just 2,300 'pre-commitment' machines in the last 3 years. At that rate it'll take more than 170 years to network all of Australia.

“SOMETHING HAS TO BE DONE!”

**THIS IS NOT A DEBATE ABOUT
WHETHER WE HELP.**

IT IS A DEBATE ABOUT HOW WE HELP.

What has been done? The Environment

While there are some minor differences across jurisdictions and between different venue types, a range of environmental measures currently exist to promote responsible gambling and minimise gambling-related harm including:

- Caps on gaming machine numbers
- Restrictions on minors accessing gambling
- Bans on inducements (e.g. free alcohol)
- Bans on credit gambling
- Payment of large prizes via cheque
- Restrictions on the locations of ATMs
- Mandatory shutdown periods
- Restrictions on cash promotions
- Provision of information about problem gambling help services
- Compulsory responsible gambling training for staff
- Clocks on gaming machines/rooms
- ‘Time-out’ rooms
- Signage creating awareness about the risks of excessive gambling
- Ban on TV, radio, and print advertising of poker machines

What has been done? The Box

The following requirements are part of the *Gaming Machine National Standards*. These features are often available on international EGMs:

- Minimum return to player percentage
- Maximum bet, prize and cash input limits
- A ban on auto-play
- A ban on misleading display of results (e.g. falsely indicating a player just missed a jackpot)
- A ban on features that give the player an illusion of control over the outcomes
- Prize probability limits
- Limits on payout volatility
- Display of clocks

Additional jurisdictionally specific restrictions also apply. For example, the *NSW Gaming Machines Prohibited Features Register* contains the following additional requirements:

- A ban on non-linear pay tables
- A limit on the maximum number of free spins
- A ban on depictions of real money (e.g. \$50 notes)
- Restrictions on game names and themes
- A ban player inducement messages (e.g. 'try again', 'have another go')
- Restrictions on advertising the maximum prize
- Further restrictions on the return to player for multi-denomination games
- A ban on requiring ante-bets to be eligible for jackpots
- Restrictions on button panel layouts
- Limits on ante-bets for feature games
- Restrictions on minimum bet (minimum bet should be 1 credit)

What more can be done?

In 2008, Clubs Australia President Peter Newell outlined at the National Press Club a 6 point plan to aid in reducing the number of problem gamblers. The policy doesn't belittle the issue of problem gambling by offering a "silver-bullet solution". Instead, it places emphasis on research and human contact. The plan was also provided to all Federal MPs. Julia Gillard declined an invitation to attend the public delivery of this plan.

Below is a brief outline of the 6 point problem gambling plan:

- 1) Establish a national, independent Australian body responsible for investigating and compiling gambling research and statistics. This will combat the haphazard and contradictory way in which gambling data is currently released.
- 2) Introduce a blanket ban on all forms of credit card gambling.
- 3) Establish uniform harm minimisation strategies that apply across the industry. There is little point in restricting gambling in pubs and clubs if people are free to gamble unrestricted on the internet or at the casino. Uniform regulations would mean that all forms of gambling are made as safe as possible.
- 4) Require RCG (Responsible Conduct of Gambling) refresher courses for all frontline gaming staff.
- 5) Integrate gambling education into school curriculums and give greater emphasis to counselling services and family interventions.
- 6) Establish an expert advisory body, staffed with leading academics, representatives from the Government and industry. The aim of this forum would be to develop successful policies to further reduce the rate of problem gambling.

... We will also be announcing in December an expanded problem gambling plan consisting of a range of evidence-based measures that have been trialled and proven, unlike Wilkie's one shot trick.