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**From:**   
**Sent:** Tuesday, 15 February 2011 12:50 PM  
**To:**   
**Cc:**   
**Subject:** Re Productivity Commission session with the Joint Parliamentary Committee

Hi

Just to give you a quick summary of key questions put to the PC. I've highlighted the question that may be of particular interest to us.

1. Implementation timeline - the rationale for a more gradual speed of implementation
2. Fraud – won't problem gamblers just work around the system through a black market in cards? PC noted that one of their recommendations was to require gamblers to identify themselves before claiming large prizes which would create a disincentive to use someone else's card.
3. Doesn't the system target all gamblers, not just problem gamblers – the PC deliberately targeted all gamblers at risk of harm from poker machines, including those at risk of problem gambling. It aimed to minimise impact on recreational gamblers by suggesting that they could stake small amounts outside of the system etc.
4. Will the system invade players' privacy? PC talked through options, including keeping all info on a card and therefore no need for a national database.
5. What is the net gain/costs from gambling? PC notes that for gambling in general the benefits outweigh costs but there is a range (depending on the parameters of the model). For poker machines there are large benefits but also large social costs. The PC has generated high/low gains/costs scenarios in its report (page 6.39 of report).

Summary points on page 6.1 notes:

- The benefits from tax revenue and the enjoyment of gambling for revenue gamblers ranged between \$12.1 and \$15.8 billion.
- The costs to problem gamblers ranged between \$4.7 and \$8.4 billion.
- The overall net benefits ranged between \$3.7 and \$11.1 billion.

The PC's recommendations were aimed to reduce the costs but keep the benefits.

6. Migration to online gambling – PC is not convinced this will happen to a large extent, as venues offer a safe social environment unlike sitting at home alone using online gambling services.
7. Clubs contribution to communities – PC thinks the level of cross-subsidisation appears is a complex issue and appears to have decreased. The bigger clubs can resemble commercial enterprises. The other consideration is whether the community spending is better done by clubs or government? Clubs Australia's submission notes relatively small subsidies to food, drinks. Cash contributions to communities appear low. The money appears to go to facilities, promotion and to professional sporting activities such as NRL etc.

PC also notes that community contributions based on revenue generated from a harmful social activity is problematic. In addition, the clubs contribution to the community is much less than the tax concessions that they receive.

Those clubs that rely most on problem gamblers will be more affected by the reforms.

The counterfactual is WA – community sports participation is similar there as for other parts of Australia. Yet their clubs don't rely on poker machine revenue.

8. Do you think it can be done in 4 years? PC noted that it tried to balance costs of transition versus benefits. They stand by the timeframe that was recommended.

Regards,

| Analyst

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