

# TREASURY EXECUTIVE MINUTE

Minute No.

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27 January 2011

Assistant Treasurer and Minister for Financial Services and Superannuation cc: Deputy Prime Minister and Treasurer

## MEETING WITH MR WILKIE ON PROBLEM GAMBLING REFORMS

**Timing:** The meeting is scheduled for 28 January

**Recommendation/Issue:**

- That you note Minister Macklin will be meeting with Mr Wilkie to discuss progress on the Government's problem gambling and attached meeting brief which was prepared by the Department of Families, Housing, Community Services and Indigenous Affairs (FHCSIA) for Minister Macklin (**Attachment A**).

**Noted**

Signature: ...../...../2011

section 34(3) and section 47C

Contact Officer:

Senior Adviser  
Social Policy Division

**ATTACHMENT A – COPY OF FHCSIA’S BRIEFING FOR MINISTER  
MACKLIN**

**To the Minister for Families, Housing, Community Services and Indigenous Affairs**  
For information

**Subject: Meeting with Mr Andrew Wilkie MP on problem gambling reforms**

**Critical Date:** The meeting with Mr Wilkie is being held on 28 January 2011.

**Purpose:** To provide you with information and talking points for your meeting with the Member for Denison, Mr Andrew Wilkie MP, on **28 January 2011**.

section 34(3) and section 47C

As at

25 January 2011, 42 submissions have been made to the Committee from a range of industry, community and academic groups (see summaries of submissions at **Attachment F**).

Key points raised in the submissions include:

- clubs and hotels are consistent in their opposition to a mandatory pre-commitment system due to potential impacts on revenue and costs associated with implementation. Some clubs support a phased implementation of voluntary pre-commitment;
- most community groups support a mandatory pre-commitment scheme;
- industry and technology providers offer a range of solutions to implement pre-commitment;
- several submissions highlight the lack of evidence to support the implementation of pre-commitment as a strategy for reducing problem gambling.

section 22

section 47B and section 47C

Community views about the reforms are polarised, including that of the Ministerial Expert Advisory Group on Gambling, with support from welfare and community based groups and opposition from some industry groups. For example, representatives from clubs and hotels are currently organising campaigns against a full pre-commitment scheme. Clubs Australia is encouraging its 10 million members to write to their local members of parliament (MPs), asking them to oppose the proposals, and is meeting with MPs to argue against the reforms. There is significant pushback from states and industry on the implementation of a full pre-commitment scheme. section 22  
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## section 22

***Parliamentary Joint Select Committee on Gambling Reform***

The Joint Select Committee on Gambling Reform (the Committee) was established on 30 September 2010 to undertake the following.

a) Inquire into and report on:

- i) The Productivity Commission report on gambling, released in June 2010, including a national response to the full set of its recommendations;
- ii) The design and implementation of a best practice full pre-commitment scheme – that is uniform across all States and Territories and machines - consistent with the recommendations and findings of the Productivity Commission;
- iii) Legal advice commissioned and received by the Commonwealth by 1 February 2011 regarding the Commonwealth's constitutional competence and prospects for successfully legislating in this area, including the reasoning supporting the legal advice and financial and other consequences flowing from it;
- iv) Any gambling-related legislation that has been tabled in either House, either as a first reading or exposure draft;
- v) Appropriate terms of reference, to be set by no later than 30 June 2013, of a further Productivity Commission Inquiry to examine the impact of pre-commitment schemes on problem gambling and to determine what further harm minimisation measures may be necessary.
- vi) Monitoring the impact of reforms to address problem gambling; and
- vii) Such other matters relating to gambling referred by either House.

b) Make recommendations to the Minister for Families, Housing, Community Services and Indigenous Affairs and the Assistant Treasurer, to inform any position that the Commonwealth will take to the COAG Select Council on Gambling Reform.

The Committee is initially focusing its inquiry on the design and implementation of a best practice full pre-commitment scheme that is uniform across all States and Territories and machines. The Committee is accepting submissions until 31 January 2011. As at 25 January 2011, 42 submissions have been made to the Committee from a range of industry, community and academic groups (**Attachment F** contains a summary of these submissions).

The Committee is conducting public hearings in Adelaide, Brisbane, Canberra, Hobart and Sydney from 1 February 2011 to 18 February 2011. The Department will appear before the Committee on 15 February 2011.

***Independent Study***

The Department is commissioning an independent study on the impacts of a reduction in problem gambling, in line with the agreement between the Prime Minister and Mr Wilkie. This will increase the evidence available to better inform government consideration of measures to address problem

gambling. The independent study will estimate the impact of reforms to reduce problem gambling on individual spending behaviour, the gambling industry and the broader economy. It will consider direct impacts of gambling reforms on recreational and problem gamblers, as well as flow-on impacts of the reforms on associated people, industries and governments. It will include an estimate of the impact of reforms on the social costs of gambling.

The independent study has two components. Component 1 will estimate the impact of the reforms on individual spending behaviour. Component 2 will provide an economic model of the impacts of a reduction in recreational and problem gambling.

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## section 22

- We also expect some vocal opposition to the reforms from the industry and possibly some community groups who rely on the support of gambling venues.

page 8 section 22

pages 9-11 section 22, section 47B and section 47C

<b>States' and Industry Views</b>	section 47B and section 47C
	Industry groups, such as Australian Hotels Association, are concerned of the implications mandatory pre-commitment could have on small venues who do not regularly turn over EGM stock.

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section 22, section 47B and section 47C

<b>States' and Industry Views</b>	section 47B and section 47C
	Industry groups are referring to the possibility of fingerprinting in media campaigns to promote public opposition to the reforms

section 47B and section 47C

pages 15-25 exempt under section 22

## ATTACHMENT D

**LEGAL ADVICE ON MEASURES TO ADDRESS PROBLEM GAMBLING –  
COMMONWEALTH POWER TO LEGISLATE**

Our ref. 10066339

section 22

Department of Families, Housing, Community Services  
and Indigenous Affairs

Dear section 22

**Measures to address problem gambling – Commonwealth power to legislate**

1. Thank you for asking us, in your email of 26 October 2010, to advise you about the Commonwealth's power to legislate to address issues associated with problem gambling.
2. Your specific question, and our short answer to that question, are set out below, followed by relevant background and further discussion relating to the reasons for our answer.

**QUESTION AND SHORT ANSWER**

**QUESTION**

3. *Having regard to the relevant classes of persons and entities,<sup>1</sup> does the Commonwealth have legislative power under the Constitution to establish a legislative scheme with the following key features:*

- *in relation to electronic gaming machines (EGMs):*
  - *a full pre-commitment scheme that is uniform across all States and Territories and machines;*
  - *dynamic warnings and cost of play displays; and*
  - *national standards; and*
- *in relation to automatic teller machines (ATMs) in gaming venues:*
  - *a national daily withdrawal limit?*

*In answering this question, please consider:*

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<sup>1</sup> The relevant classes of persons and entities are those identified in the background at paragraphs 7-8 and, more specifically, in the reasons for our answers in paragraphs 12 (see the table under that paragraph), 19, and 23.

- whether the Commonwealth has legislative powers to enact regulation in respect of regulating poker machines involving the trade and commerce power, the corporations power and the power with respect to telecommunications; and
- whether the Commonwealth has power in respect of the corporations that supply, service and operate poker machines that have trans-State operations.

## SHORT ANSWER

4. Although the Commonwealth does not have specific plenary power to legislate in relation to gambling, there are a number of constitutional heads of power that provide the Commonwealth Parliament with extensive power to legislate for the regulation of relevant classes of persons and entities in relation to these matters. In summary, these heads of power include the powers relating to corporations (in s 51(xx) of the Constitution), trade and commerce (s 51(i)), telecommunications (s 51(v)), banking (s 51(xiii)), currency (s 51(xii)), taxation (s 51(ii)) and territories (s 122).<sup>2</sup>
5. These heads of power can provide, separately or in combination, varying degrees of coverage of the issues and entities you have identified, and different avenues for enforcing compliance. A combination of powers could be relied on to regulate all relevant persons and entities in respect of all matters listed in your question.
6. In brief, the primary options for legislating in these areas are as follows:
  - Option 1: **direct regulation** of most, but possibly not all, of the relevant entities<sup>3</sup> — see below at paragraph 10 onwards;
  - Option 2: a **taxation-based regulatory scheme** covering all of the relevant entities<sup>4</sup> — see below at paragraph 16 onwards; and
  - Option 3: a **combination of taxation and direct regulation**, covering all of the relevant entities — see paragraph 22 onwards.

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<sup>2</sup> An additional head of power could be found in s 51(xxxvii) if the States referred to the Commonwealth power to legislate in relation to gambling, however, this advice focuses on the Commonwealth's power to legislate in relation to gambling independently of any State action.

<sup>3</sup> Relying on s 51(xx) of the Constitution, possibly supplemented by ss 51(v), 51(xiii) and 122.

<sup>4</sup> Relying on s 51(ii).

## BACKGROUND

7. The Productivity Commission Inquiry Report into Gambling (23 June 2010) ('the Report') made 48 recommendations to minimise harm from problem gambling, including:

- a) setting daily withdrawal limits for ATMs in gambling venues;
- b) making design changes to EGMs, including, in brief:
  - (i) a national 'pre-commitment system', which is offered to all consumers at the beginning of play, and allows players to set bidding limits. Once the bidding limit is reached, further play will be prohibited for a set period of time. The system should be at least jurisdiction-wide (covering all machines and venues) to reduce opportunities for customers to continue to play EGMs at another venue after the pre-commitment limit has been reached; and
  - (ii) electronic dynamic warnings, which display when the style of play is indicative of significant potential for harm; and
  - (iii) cost of play displays, indicating the 'expected' hourly expenditure and percentage cost of play. Initially this would be signs displaying general 'cost of play' information based on some customary styles of play, with the intention that by 2011 new gaming machines should display electronically the cost of play based on an individual's style of playing and the percentage cost of playing.

8. On 2 September 2010, the Prime Minister, the Hon Julia Gillard MP, and the Member for Denison, Mr Andrew Wilkie, agreed a number of reforms to address problem gambling, as well as a timetable for implementation. In summary, this agreement requires:

- introduction of a full pre-commitment scheme that is uniform across all States and Territories and machines by 2010, with implementation completed by 2014;
- supporting the Report recommendations in relation to EGM electronic dynamic warnings and cost of play displays;
- implementing a daily withdrawal limit of \$250 for ATMs in gaming venues (excluding casinos); and
- the Commonwealth to commission and receive, no later than 1 February 2011, comprehensive legal advice about the Commonwealth's constitutional competence and prospects for successfully legislating in this area.

9. The discussion below relates to how these proposals may be implemented through legislation enacted by the Commonwealth Parliament.

## DISCUSSION

### **OPTION 1: DIRECT REGULATION, BASED ON THE CORPORATIONS POWER AND OTHER CONSTITUTIONAL HEADS OF POWER**

10. A direct regulation approach involves requiring certain behaviour, and imposing sanctions or penalties for non-compliance.
11. The Commonwealth could rely on a range of relevant constitutional heads of power to support direct regulation of issues relating to gambling, most relevantly:
  - the corporations power in s 51(xx), which supports regulation of 'foreign corporations, and trading and financial corporations'. Whether an entity is such a 'constitutional corporation' will depend on whether and where it is incorporated, and (for trading corporations) the nature of its activities. It may be that most (if not all) licensees or operators of larger hotels and casinos would be constitutional corporations, through being either foreign or trading corporations. Clubs that are incorporated and whose trading activities constitute a significant proportion of their overall activities are also likely to be trading, and therefore constitutional, corporations (although this is a matter of fact and degree, to be considered in each case);
  - the trade and commerce power in s 51(i), which supports regulation of 'trade and commerce with other countries, and among the States'. This could encompass regulation of suppliers that import EGMs, or that manufacture or purchase EGMs in one State and sell them on to gaming venues in other States;
  - the telecommunications power in s 51(v), which supports regulation relating to 'postal, telegraphic, telephonic and other like services', including the Internet;
  - the currency power in s 51(xii), which supports regulation of 'currency, coinage, and legal tender'. This could include regulation of non-bank ATMs (or equivalent machines that dispense currency);
  - the banking power in s 51(xiii), which supports regulation of 'banking, other than State banking' that does not extend beyond the limits of the State, and the 'issue of paper money', including through ATMs; and
  - the territories power in s 122, which supports regulation relating to the territories of the Commonwealth (including, most relevantly the Northern Territory and Australian Capital Territory). This could include both regulation of entities located within a territory, and other entities which have commercial dealings with the territory-based entities.

### What the scheme could look like

12. The table below identifies obligations and prohibitions that could be imposed in reliance on the heads of power listed above, and entities on which those obligations and prohibitions could be imposed. The legislation imposing these requirements could also, in reliance on the heads of power identified in the table, provide for mechanisms for enforcing compliance. Enforcement measures could include, for example, civil and criminal penalties, or injunctions.

<b><i>Direct regulation of relevant classes of persons and entities</i></b>		
<b>Entity</b>	<b>Obligation or prohibition</b>	<b>Constitutional head of Commonwealth legislative power</b>
Gaming venue owners or operators that are constitutional corporations	Prohibit the acquisition or making available of EGMs which do not have the required features (in particular, pre-commitment and warnings features) or which have not been approved through an approvals process.	s 51(xx) corporations
Gaming venue owners or operators that are constitutional corporations	Impose requirements relating to implementing gaming standards or policies (such as displaying warnings, connecting to remote systems relating to pre-commitments and warning display, or displaying and adhering to national gaming venue standards <sup>5</sup> ).	s 51(xx) corporations
EGM manufacturers in Australia that are constitutional corporations	Prohibit the manufacture or supply (to specified persons/venues or generally) of EGMs that do not have the required features or approvals.	s 51(xx) corporations
Importers of EGMs in Australia that are constitutional corporations	Prohibit the importation or supply (to specified persons/venues or generally) of EGMs that do not have the required features or approvals.	s 51(i) corporations

<sup>5</sup> These could relate to, for example, cheque-cashing restrictions, shutdown periods for EGMs, staff training, method of payment of EGM prizes, etc..

EGM suppliers that import EGMs (whether or not they are constitutional corporations)	Prohibit the importation, and the initial sale after import, of EGMs that do not have the required features or approvals.	s 51(i) trade and commerce
EGM suppliers that supply EGMs across State or Territory borders	Prohibit the making of inter-state sales of EGMs that do not have the required features or approvals.	s 51(i) trade and commerce
Suppliers, owners or operators of ATMs in gambling venues	Impose daily withdrawal limits on ATMs in gaming venues.	s 51(xx) corporations s 51(xii) currency s 51(xiii) banking
Gaming venues located in the Territories (such as NT or ACT)	Impose requirements in relation to owners or operators of, or suppliers or manufacturers of items to, Territory-based gaming venues. For example, owners or operators of Territory-based venues could be prohibited from acquiring or making available non-compliant EGMs.	s 122 territories
Owners or operators of EGMs that are connected to the Internet	Impose requirements relating to the use of Internet services, for example, to utilise the remotely-operated warnings and cost of play systems. Owners and operators of EGMs that are constitutional corporations, or which are located in a Territory, could also be required to connect an EGM to the internet if it was not already connected. <sup>6</sup>	s 51(v) telecommunications
Entities that service EGMs and which are constitutional corporations	Impose requirements relating to the servicing activities, for example, prohibiting the entities from servicing unapproved EGMs.	s 51(xx) corporations

<sup>6</sup> Relying on the corporations power or territories power, as relevant.

## Features of direct regulation

13. A significant benefit of the direct regulation approach is that the types of direct and incidental obligations and requirements that can be imposed directly can be very broad, provided that there is a relevant nexus with the head of constitutional power being relied on. Further, the Parliament can prescribe a range of penalty and compliance mechanisms, such as civil penalties, criminal penalties and injunctions. (These features can be contrasted with those of the taxation approach in Option 2.)
14. However, as noted above, the Commonwealth's power to directly regulate in respect of gambling is not plenary. However, if there are entities that the Commonwealth wishes to regulate that fall outside of the scope of the heads of power identified above,<sup>7</sup> the Commonwealth could also rely on the taxation power<sup>8</sup> to regulate those entities using a taxation based scheme. A taxation based regulation approach could be used as a basis for the entire regulatory scheme (see Option 2 below), or alternatively to supplement a direct regulation scheme (see Option 3 below).
15. We note for completeness that there are some general constitutional limitations, which will apply in relation to any legislative scheme. These are summarised below at paragraph 24.

## OPTION 2: TAXATION-BASED REGULATION

16. A taxation-based scheme, enacted in reliance on s 51(ii) of the Constitution, could provide comprehensive coverage of the persons and entities that operate in the gaming industry, by requiring all relevant entities to meet certain standards or conditions in order to avoid having to pay a tax. Section 51(ii) allows the Commonwealth to make laws with respect to 'taxation, but so as not to discriminate between States or parts of States'.
17. This approach operates by imposing a tax burden on all relevant entities to encourage compliance with relevant requirements. This can be contrasted with the civil or criminal penalties (for example) that may be imposed as part of a direct regulation scheme.

### What a tax-based scheme would look like

18. The primary features of a tax-based regulatory scheme are:
  - the legislation imposes an obligation to pay a tax (or taxes) on defined liable entities (which may be any legal entities); and
  - the legislation also provides that a liable entity will not be liable to pay the tax if they meet specified conditions, or undertake specified actions.
19. For example, the scheme could operate so that:
  - any **supplier of EGMs** must pay an amount to the Commonwealth, by way of a tax, if it manufactures or supplies EGMs that do not have the specified features (such as pre-commitment scheme programming or dynamic warning programming and display screens) or if the EGM has not been 'approved' through a prescribed process;

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<sup>7</sup> For example, owners or operators of gambling venues that are not constitutional corporations or located in a Territory.

<sup>8</sup> s 51(ii) of the Constitution.

- any **importer of EGMs** must pay a tax to the Commonwealth for importing or supplying EGMs without the specified features;
- any **owner or operator of a gaming venue**:
  - must pay a tax for acquiring EGMs without the specified features for use in the venues (or which are not 'approved'), or for making such an EGM available for use;
  - must pay a tax if the venue does not display and implement specified national standards for gaming venues; and
- any **supplier of ATMs to gambling venues** must pay a tax in respect of any ATM in a gambling venue that does not meet prescribed daily limit programming requirements.

20. Under this type of scheme, the rate of the taxes would be set at levels which would create incentives for the relevant entities to avoid the tax (by complying with the prescribed requirements). The rate could be varied according to relevant characteristics of the liable entities - for example, the rate of the tax could be set according to the amount of revenue generated by EGMs at the venue. There is scope under the taxation power to impose a relatively high rate of taxation.

#### **Features of a tax-based scheme**

21. The primary benefit of the taxation approach is that it can apply to *any* legal entity, including individuals, corporations, and unincorporated associations. The taxation power can therefore support comprehensive coverage of relevant persons and entities. Alternatively, the taxation approach can be used to supplement the scope of the Commonwealth's direct regulation powers — see Option 3.

#### **OPTION 3: A COMBINATION OF TAX-BASED REGULATION AND DIRECT REGULATION**

22. A third approach would be to combine the tax-based approach with direct regulation that falls within the scope of the corporations and banking powers. For example, this approach could operate so that:

- direct regulation is used to implement aspects of the scheme where a head of power is able to provide appropriate coverage of the relevant entities; and
- the tax-avoidance incentive approach is used where direct regulation is not able to be comprehensive.

23. For example, if the Department concludes that there is a significant number of gaming venue operators that cannot be directly regulated (because they are not constitutional corporations):

- the banking power, and associated other powers, could be relied on to directly regulate daily withdrawal limits on ATMs at gaming venues (as described in Option 1);
- the corporations power could be relied on to directly prohibit the manufacture or sale by constitutional corporations of EGMs that do not contain mandatory pre-commitment programs and/or pass prescribed approval processes (as described in Option 1);<sup>9</sup> and
- a tax could be imposed on gaming venue owners or operators that do not implement prescribed national standards, or meet other prescribed conditions relating to the operation of the venue (as

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<sup>9</sup> This assumes that most, if not all, manufacturers and importers of EGMs would be constitutional corporations. If the Department concludes that this is not likely to be the case, a tax-based approach may be useful here as well.

described in Option 2). Alternatively, a tax could be imposed on any unincorporated entity that operates a gaming venue to encourage venue operators to incorporate. As (likely) constitutional corporations, they could then be directly regulated in accordance with s 51(xx).

## **OTHER GENERAL CONSTITUTIONAL REQUIREMENTS**

24. Other constitutional requirements may be relevant to any legislative scheme, including:

- the requirement, in s 51(xxi), that Commonwealth legislation not compulsorily acquire property otherwise than on just terms;
- requirements in relation to legislation imposing taxation (s 55), including that legislation imposing taxation deal only with one subject matter of taxation, and not deal with matters other than matters relating to the imposition of the tax;
- the preservation of free trade between the States (s 92); and
- the requirement that laws relating to trade, commerce and revenue must not give preference to one State (or part of a State) over another State (or part of a State) (s 99).

25. It would be possible to regulate the matters you have identified in a manner consistent with these requirements. Consequently, these requirements are unlikely to impact significantly on these proposals. We, in conjunction with the Office of Parliamentary Counsel (OPC), can further advise on developing any Commonwealth legislation in accordance with these requirements, if and when a Commonwealth scheme for regulation of gambling is developed.

## **FURTHER ASSISTANCE**

26. Please contact any of us if you would like to discuss this advice or if we can provide further assistance.

Yours sincerely

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pages 36-41 exempt under section 22, section 47B and section 47C

**Additional Information – How Are Poker Machines Currently Regulated?**

20. As noted by the Productivity Commission, there is significant variation in how the States regulate the operation of poker machines. On a broad level there is regulation of:

- 20.1. Technical standards of the software and machines (including requirement to connect to a central monitoring system); and
- 20.2. Technical aspects include bet limits (i.e. bet per spin), spin rates and overall rate of return to player. Technical standards are set out in the Australian/New Zealand National Standard for Gaming Machines (including individual appendices setting out each State's requirements).
  - (i) Prior to a new game or machine entering the market, a certificate of compliance must be obtained from an Accredited Testing Facility.
  - (ii) For example, in Victoria all gaming machines are currently connected to an approved central monitoring system. Every gaming machine is continuously monitored by that system to ensure it operates as approved. If the machine is operating outside of standards it can be switched off by the system. Post 2012, when Victoria's new venue-based licensing arrangements commence, a new central monitoring system will also be put in place. The monitoring licensee will be responsible for a number of functions, including collecting monitoring gaming machine transactions, providing data and information on gaming machines for regulatory, taxation and research purposes.
- 20.3. Overall caps on the number of machines in the state, per region (taking into account the distribution of the population) and per venue (differentiation between casinos versus other types of venues).
  - (i) For example, Victoria's poker machine cap allows for a maximum of 30,000 poker machines in the State, comprising 27,500 machines in hotel and club venues, and a further 2,500 within the Melbourne casino.

21. In most States operating licenses are granted to individual venues to own or lease machines (and monitoring is undertaken by an independent regulator). Victoria currently has a dual licensing system but will move to a venue-based licensing system post 2012.

- 21.1. In 2008 the Victorian Government announced that it would cease the provision of licenses to its two operators, Tabcorp and Tattersall's, and instead allow venues to competitively bid for licences to own and operate poker machines. Previously the two operators owned, operated and maintained all the poker machines in the State.

## ATTACHMENT F

**SUMMARY OF SUBMISSIONS TO THE JOINT SELECT COMMITTEE  
ON GAMBLING REFORM**  
as at 25 January 2011

Number	Submitter	Industry/sector	MEAG Membership	Position	Summary	Attachments
1	<u>Cash ATM (PDF 92KB)</u>	National provider of ATMs and associated technology		Not supportive of Mandatory ATM withdrawal limits	<ul style="list-style-type: none"> <li>Has developed software that allows people to voluntarily limit the amount of money that they can withdraw from a given ATM for up to 72 hours. The company's CashPod machines also dispense paper cards with the details of gambling help lines at the requested of a user.</li> <li>Argues that this technology prevents the need to remove ATMs from gaming venues in Victoria or to set mandatory limits nationally.</li> </ul>	<u>(PDF 23322KB)</u>
2	<u>Schottler Consulting Pty Ltd (PDF 274KB)</u>	Private consulting company			<p>Presents findings from South Australia Pre-commitment trial as a viable option for pre-commitment in Australia</p> <ul style="list-style-type: none"> <li>pre-commitment costs to venues amortised across a large base of players are relatively small on a per player basis.</li> </ul>	<u>(PDF 3404KB)</u>
3	<u>Clubs WA (PDF 609KB)</u>	Clubs association		Western Australian clubs are an underdeveloped resource and should	<p>Western Australian Clubs are an underdeveloped resource as they are the only Australian jurisdiction that may not provide 'a broad range of gaming products'.</p> <ul style="list-style-type: none"> <li>Allowing EGMs to operate in Western Australian clubs would provide more community investment and increase the size and contributions of the WA club industry. Clubs WA represents</li> </ul>	

Number	Submitter	Industry/ Sector	MEAG Membership	Position	Summary	Attachments
4	<u>Scientific and Technology Innovations</u> <a href="#">(PDF 612KB)</a>	Technological systems development		have EGMs	around 1,000 club venues across the State.	<ul style="list-style-type: none"> <li>Propose a technological controlling system for stand alone poker machines to 'eliminate poker machine problem gamblers' [can be adapted to other forms of problem gambling] – Poker Machine Abuse Alerting System (PMAAS) – developed by Scientific and Technology Innovations.</li> <li>Has not yet been trialled in clinical setting. The stand-alone device attaches to an EGM unit and provides warnings attached to limits and playing styles with the ability to block the EGM screen after three warning stages.</li> </ul>
5	<u>Merimbula Lakeview Hotel</u> <a href="#">(PDF 35KB)</a>	hotel		Disagree with all proposed changes to operation of poker machines in hotels and clubs	Suggestion of player tracking attached to 'fingerprints' as a breach of civil rights and an invasion of privacy. Gambling reform measures will have a detrimental affect on employment, revenue and community through produce and services enlisted by the hotel. Will affect the continued existence of smaller venues, such as the Merimbula Lakeview Hotel.	
6	<u>FamilyVoice Australia</u> <a href="#">(PDF 49KB)</a>	family advocate organisation		Committee should recommend full removal of gaming machines from hotels and clubs by 2018	The social cost of gambling far outweighs the entertainment value and contribution to the community. Provide parameters for a successful pre-commitment system, including rigorous identification systems, non-revocation periods, and spending limits linked to financial capacity	
7	<u>Merimbula RSL Club Ltd</u> <a href="#">(PDF 477KB)</a>	RSL club		Against all proposed gambling reforms	People must take responsibility for their own gambling actions, instead of having the government regulate against this; the cost of reforms would present a substantial cost to the club and may lead to insolvency. The club industry have been leading the way in addressing problem gambling through various programs, where other	

Number	Submitter	Industry/ sector	MEAG Membership	Position	Summary	Attachments
8		Illawarra Catholic Club <a href="#">(PDF 82KB)</a>	club		Does not support mandatory pre-commitment but do support phased introduction of a voluntary pre-commitment system if the cost was spread out over a period of time	Drop in revenue from mandatory pre-commitment will prevent club from supporting local community and sporting organisations. Predicted cost of implementing pre-commitment systems would mean club would not survive in the medium to long term.
9	<a href="#">Dr Paul Delfabbro</a> <a href="#">(PDF 174KB)</a>		academic	Dr Paul Delfabbro	Voluntary pre-commitment less effective in minimising harm	Dr Delfabbro outlines some of the key findings of his report, commissioned by the Victorian Department of Justice in 2010. This looks at current national and international knowledge around electronic pre-commitment systems.
10	<a href="#">Mental Health Council of Tasmania</a> <a href="#">(PDF 300KB)</a>		peak representative body		Endorse PC report recommendation s including implementation of a full pre-commitment system	Pre-commitment limits should be binding to an individual and cannot be increased. Reference to Anglicare Tasmania's report highlighting gambling as being linked to depression, anxiety and family breakdown - causal link between problem gambling and mental health issues

Number	Submitter	Industry/ sector	MEAG Membership	Position	Summary	Attachments
11	Blacktown Workers Club Group (PDF 183KB)	club	Do not support ATM withdrawal restrictions , but do support voluntary pre- commitment	<p>If marketed in the correct manner by industry, voluntary pre-commitment would be successful in minimising harm to problem gamblers. Mandatory pre-commitment would reduce revenue for the club group, and the State Government, as well as reducing employment and community contributions.</p> <p>The club has implemented a voluntary pre-commitment system (through IGT) allowing members to set limits on gaming machine expenditure</p>		
12	City Diggers Wollongong (PDF 25KB)	club	If forecasts of 30% revenue drop are correct, club would be unable to continue to trade	<p>Under mandatory pre-commitment, club would not be able to continue to trade. Currently 75% of revenue is derived from poker machines.</p> <p>The club has co-funded a onsite gambling counselling service</p>		
13	Professor Alexander Blaszczynski and Dr Sally Gainsbury (PDF 206KB)	academics	Prof. Alex Blaszczynski	<p>Pre-commitment for EGMS will be of benefit to a minority of recreational, regular and problem gamblers but of limited benefit to the majority of problem and pathological gamblers</p> <p>External Controls are needed if pre-commitment is to be effective – ‘gamblers should not have the ability to by-pass pre-commitment levels either within or across sessions’</p> <p>Research indicating most gamblers set some form of limit before commencing play. Excessive gambling was therefore not attributable to a failure to set limits (Lalande, D &amp; Ladouceur, R, 2010). Limits must be set based on how much an individual can afford, therefore those who constantly exceed their limits will not be in a position to make circumstance-appropriate limits.</p> <p>To make informed decisions in limit-setting, gamblers should be provided with guidelines that indicate appropriate levels of expenditure based on income.</p> <p>Unintended consequence - a black market in player cards, or a move to alternative, unregulated forms of gambling.</p>		

Number	Submitter	Industry/ Sector	MEAG Membership	Position	Summary	Attachments
14	Dr Clive Allcock (PDF 1604KB)	Psychiatrist/Academic		Pre-commitment must be compulsory to work, but a better approach may be to reduce the prize amounts	<p>Significant costs associated with implementing a full pre-commitment system, and issues around big brother style technology lead to a suggestion of reducing prizes, thus reducing enthusiasm of players.</p> <p>There is no huge basis for pre-commitment, other than 'a recommendation from the PC'.</p>	(PDF 1713KB)
15	ALH Group (PDF 3012KB)	hotel/hospitality industry	David Curry		<p>Supports voluntary pre-commitment, all measures must be supported by robust research</p> <p>Policy measures to combat problem gambling should be supported by scientifically-based research and evidence. Mandatory pre-commitment will seriously impact the recreational gambler and raise privacy issues.</p> <p>Problem gambler will find a method to gamble without restriction, potentially by turning to online gambling.</p> <p>ALH offer voluntary pre-commitment 'Simpliplay' in one Queensland venue.</p> <p>Licensed Machine Operator (LMO) should not be the sole provider of pre-commitment hardware and software as this is anti-competitive.</p> <p>ALH consider 2016 a realistic target date for voluntary pre-commitment</p>	
16	Numurkah Golf and Bowls Club Inc. (PDF 52KB)	club			Does not support compulsory pre-commitment	<p>Problem gambling is a problem of irresponsibility of the individual, rather than a fault of the license operator/venue.</p> <p>Numurkah Golf and Bowls Club operates to provide a range of services to members and the community, including gaming services. profits are directed back into the community and member services, rather than to driving up profits</p> <p>Harm minimisation measures to date, such as natural light and clocks being displayed, have been ineffective.</p>

Number	Submitter	Industry/ sector	MEAG Membership	Position	Summary		Attachments
					Do not believe mandatory pre- commitment will fix problem gambling	Whichever system is utilised, it must allow players to voluntarily set limits, and have an option to set no limits. Absence of credible evidence to support mandatory pre- commitment	
17	North Sydney Leagues Club Ltd (PDF 1344KB)	club				Logical to utilise the introduction of pre-commitment in Victoria as a trial 2-3 year period, then follow this with evaluation and analysis of the impact. Privacy issues relating to individual identification of a player across venues and across machines – 'Australia Card' likeness.	
18	confidential	confidential		n/a	n/a		n/a
19	Maxgaming Pty Ltd (PDF 141KB)	licensed monitoring operator		Support voluntary pre-commitment		submission discusses the design and implementation of a best practice full pre- commitment system. Maxgaming recommends it would be highly beneficial to introduce pre-commitment via a 'voluntary to use' methodology Maxgaming recommends a state based implementation of pre- commitment due to potential delays that a national system may cause.	
20	Crescent Head Country Club (PDF 97KB)	club		Do not support ATM withdrawal restrictions, or mandatory pre- commitment		Introduction of full pre-commitment is invasion of civil liberties and impedes everyone, not just problem gamblers. Against ATM withdrawal limits – 20 km from nearest bank, and one of only two locations in the town to provide ATM facilities. Crescent Head club would not survive a reduction in revenue as estimated, and this would have serious ramifications for the community. The gambling reforms have the potential to ruin communities throughout Australia.	

Number	Submitter	Industry/ sector	MEAG Membership	Position	Summary		Attachments
					Summary		
21	<u>Para Hills Community Club Inc.</u> (PDF 2653KB)	club		Concerned about introduction of mandatory pre-commitment	Estimated 60% reduction in revenue would see the club become insolvent and closed in the second year of pre-commitment reform. Pre-commitment does not come with evidence/data to assert its effectiveness, and this would simply drive the problem elsewhere.		
					Ultimate decision to gamble should rest with the individual to make a choice appropriate to their circumstances. The key is to empower people to make their own decisions and support this, not impose blanket regulation on everyone.		
22	<u>Club Mulwala</u> (PDF 2626KB)	club		Do not support mandatory introduction of a pre-commitment system	Customer demographic has an average age of 65.3 years and Club Mulwala believes they will not accept the imposition of registering to have a social outing. A pre-commitment system will severely impact their customer's entertainment due to their ability to accept/learn new technology requirements. A subsequent decline in trade at Club Mulwala is predicted. Club Mulwala is also used as a rural bank. Mulwala has no bank and therefore restrictions on ATMs are not convenient.		
23	<u>Eden Fishermens Recreation Club Ltd</u> (PDF 73KB)	club		Proposed reforms will not target problem gambling	The reforms will present a threat to the Club because they will find it difficult to absorb the costs of incorporating new technology. Reforms will have a negative impact on the community as Clubs provide sporting and recreational venues for community use and because of the Clubs economic contribution to community.	n/a	
24	not included	not included	not included	n/a	n/a	n/a	

Number	Submitter	Industry/sector	MEAG Membership	Position	Summary	Attachments
25	<a href="#">Ms Sue Pinkerton (PDF 12KB)</a>	reformed problem gambler		Removal of poker machines	Submission outlines Ms Pinkerton's former gambling addiction as well as her current activities which include creating a not for profit organisation whose aim is to educate the public about poker machines, to advocate on behalf of – and support – people who have been harmed by gambling and to lobby local and state governments for the removal of poker machines	
26	<a href="#">Dr Charles Livingstone and Dr Richard Woolley (PDF 70KB)</a>	academic	Dr Charles Livingstone	Support pre-commitment scheme	Problem gambling issues should be considered separately from provision of gambling and revenue issues. Reforms targeting individual responsibility have not worked – reforms must also transform 'the material and technical systems' Offers four reform models options for EGM's that are based on pre- commitment and structural change variations.	
27	<a href="#">The Royal Australian and New Zealand College of Psychiatrists (PDF 143KB)</a>	peak representative body		Supports PC report recommendations toward harm minimisation	RANZCP supports: o promotion of information about gambling odds for all avenues of gambling o gamblers to be warned at all venues of possible harm due to excessive gambling o the availability of more counselling services and other help o research into gambling treatments and outcomes	
28	<a href="#">Centrelink (PDF 207KB)</a>	Commonwealth agency		Supports measures that are proven to minimise harms associated with problem gambling	Centrelink believes the most important Productivity Report recommendations relate to gambling counselling and treatment services. Key learning's from the implementation of the BasicsCard that may be relevant to pre- commitment	

Number	Submitter	Industry/ sector	MEAG Membership	Position	Summary	Attachments
29	<u>Regis Controls Pty Ltd (PDF 563KB)</u>	gaming technology provider		No position presented - smart card technology developed by them	Describes and outlines the characteristics of Regis patented Smartcard based national pre- commitment solution for the protection of problem gamblers. Outlines the use of smart cards in gambling industry internationally and suggests that there are significant challenges associated in the use of biometric technology.	(PDF 1963KB)
30	<u>Benalla Bowls Club (PDF 41KB)</u>	club		Do not support mandatory pre- commitment	Believe mandatory pre-commitment will deter casual gamblers, and problem gamblers will find a way around this. Expect the implementation of pre-commitment to impact revenue and the clubs community contributions.	
31	<u>South Australian National Football League Inc. (PDF 1368KB)</u>	football league/club		Do not support mandatory pre- commitment	Very little evidence to suggest that a mandatory pre-commitment program would reduce problem gambling - The proposed reforms to EGM's will have a negative impacts on football and therefore the wider community in South Australia Mandatory pre- commitment will impose costs that will lead to a decrease in community investment and job losses (and likely bankruptcy of many state league football clubs)	
32	<u>Brisbane Broncos Leagues Club Ltd (PDF 339KB)</u>	club		Urge Joint select committee to understand impacts of pre- commitment	BLC feels that it is absolutely critical that the Joint Select Committee on gambling Reform clearly understands the severe consequences of such a system being developed and implemented. <ul style="list-style-type: none"><li>o Club revenues will fall 40% and the club industry will 'slowly die'.</li><li>o A number of communities and organisation will be 'worst off'.</li><li>o A pre-commitment system will have no impact on problem gambling.</li></ul> Problem Gambling has reduced by 10,000 from 2001 – 2008 therefore current approaches and partnerships to reduce problem gambling are working	

Number	Submitter	Industry/ Sector	MEAG Membership	Position	Summary	Attachments
33	<u>Independent Gambling Authority</u> (PDF 314KB)	gaming regulator		Support robust and universal pre-commitment system	Independent Gambling Authority refers the Committee to the 2005 Smartcard Inquiry. Concerns over revenue loss are legitimate and should be given consideration. The Authority is satisfied that if adequate time is allowed and implementation is commenced early the frictional impacts of the pre-commitment can be contained. The fact that underlying revenue has continued to grow which overall adult participation has declined underlines the need to offer protective options such as robust and universal pre-commitment system.	(PDF 398KB)
34	<u>Pokies Anonymous</u> (PDF 45KB)	support group		Support pre- commitment system	Suggests pre-commitment system should utilise a card with a photograph to prevent borrowing or stealing another's card. Gambler's personal assets and debt should be taken into account when they apply for pre-commitment card so they cannot set limits they cannot afford, or alternatively a maximum limit should be applied to all users. This maximum should incorporate a maximum spend over an extended time period (eg. a year). Single use cards could be made available with maximum value of \$20	
35	<u>Victorian InterChurch Gambling Taskforce</u> (PDF 177KB)	support group	Dr Mark Zirnsak	Support need for a range of measures, not simply pre- commitment. Endorse a best practice, full pre- commitment scheme	A pre-commitment system should include several features, including: <ul style="list-style-type: none"> <li>o Time delay for limit setting and changing</li> <li>o Ability to view transaction histories/player expenditure</li> <li>o A default limit that a player must opt out of, rather than opt in to.</li> <li>o Ensuring gamblers privacy</li> <li>o Preference for central monitoring system, but not required</li> </ul> Small amounts outside of a pre-commitment system should only be permitted following research into the difficulty of signing up to pre-commitment (eg. tourists)	

Number	Submitter	Industry/sector	MEAG Membership	Position	Summary	Attachments
					Pre-commitment should not be linked to loyalty gaming systems.	
36	<u>Gambling Impact Society (NSW) Inc.</u> (PDF 571KB)	voluntary support group	Kate Roberts	Fully endorse PC recommendation of public health approach for problem gambling, including pre-commitment and other harm minimisation measures	Public health approach views gambling as 'risk taking behaviour' and should include responsibility from all stakeholders (Governments, Industry, communities, families and individuals)Pre-commitment as a part of several strategies which should form a national strategy. These will reduce the stigma associated with problem gambling, treating all EGM gamblers the same. If gambling on EGMs is to be considered a leisure activity, the prize amounts should be reduced in line with other recreational activities. ATMs should be removed from gaming venues. Dismiss excuses provided based on frequent EFTPOS use and ATMs in other, non-gaming locations (eg supermarkets)	(PDF 138KB)(PDF 36KB)
37	<u>National Welfare Rights Network</u> (PDF 201KB)	community legal network		Supports mandatory pre-commitment	proposed pre-commitment system will allow people to consider and control their own gambling spending. Not concerned with technology used, including USB fingerprinting system that would prevent gambling accessing another's USB key or card. Concerned about the potential for Centrelink to have access to any data collected and stored; and how Centrelink may use this data.	

Number	Submitter	Industry/ sector	MEAG Membership	Position	Summary	Attachments
38	<u>Aristocrat Technologies Australia Pty Ltd (PDF 312KB)</u>	Gaming machine manufacturer		Pre-commitment system could encourage responsible gambling if supported by players and operators	An opt-in machine-based pre-commitment solution, including standard agreed features, is the best approach to achieve a practical and affordable system in the timeframe established by the Gillard-Wilkie agreement. due to the complexity and number of monitoring systems, machine protocols and jurisdictional standards in Australia, a jurisdiction-based full pre- commitment systems with centralised monitoring systems is not achievable by 2014. support staged approach to implementation	(PDF 138KB)
39	<u>Responsible Gaming Networks (PDF 1088KB)</u>	gaming technology		No real position. Support pre- commitment but propose implementation of their system	Believe they can provide the technology to implement a mandatory pre-commitment system that is consistent with global best practices on pre-commitment functionalities. Responsible Gaming Networks are able to implement their system within the timeframes under the Gillard Wilkie Agreement. Critical need for biometric identification systems	
40	not provided	n/a		n/a	n/a	
41	<u>Twin Towns Services Club Limited (PDF 9951KB)</u>	club		Does not support mandatory pre- commitment, nor a system that enables player tracking	Costs of implementing a pre-commitment system, and loss of revenue it would cause, would make the club unsustainable. Objects to ATM withdrawal limits as club is a cash business and would weaken competitiveness from the nearby casino. Pre-commitment system would have a negative impact on employment, community organisations and sporting groups, and the overall club industry	

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42	Dr Jamie Doughney ( <a href="#">PDF 72KB</a> )	academic		Supports full mandatory pre-commitment system	<p>Australian governments have an implicit duty to protect vulnerable members of society such as problem gamblers regardless of revenue received from their activities.</p> <p>Pre-commitment schemes enhance a gambler's responsibility for his or her conduct.</p> <p>Voluntary and opt-out arrangements would be insufficiently effective.</p>	<a href="#">(PDF 124KB)</a> <a href="#">(PDF 327KB)</a>

## ATTACHMENT G

## PROBLEM GAMBLING REFORM TIMELINE

Date	Item	Comment
End September 2010	Joint (Parliamentary) Select Committee on Gambling Reform established.	On 29 September Parliament established the Joint Select Committee on Gambling Reform to inquire and report on a national response to the Productivity Commission's Report on Gambling
15 October	First Senior Officials Working Group meeting for COAG Select Council on Gambling Reform	Chaired by Secretary of FaHCSIA.
22 October	First COAG Select Council on Gambling Reform meeting in Melbourne	Agreed Terms of Reference and broadly discussed key issues.
8 November	First Ministerial Expert Advisory Group meeting in Melbourne.	Group will meet in December and January/February and as required until June 2011.
12 November	First Select Council Policy Working Group	Consider options for pre-commitment; dynamic warning and cost of play displays and ATM withdrawal limits
November	Independent research study commissioned	
9 December	Second Select Council Policy Working Group	Development of a report on options for pre-commitment; dynamic warning and cost of play displays and ATM withdrawal limits for Select Council (through Senior Officials)
13 December	Second Ministerial Expert Advisory Group meeting.	This meeting will focus on technical implementation issues for pre-commitment.
4 February 2011	Second Senior Officials Working Group meeting for COAG Select Council on Gambling Reform	Consideration of issues for discussion at the next COAG Select Council on Gambling Reform, including the report from the Policy Working Group
7 February 2011	Third Ministerial Expert Advisory Group meeting	Will focus on implementation issues with dynamic warning and cost of play displays, and ATM withdrawal limits.
25 February	Second COAG Select Council on Gambling Reform meeting	Further develop national response to findings of the Productivity Commission Report on Gambling and agree forward work plan.
18 March 2011	Fourth Ministerial Expert Advisory Group meeting	Advice to the Commonwealth to feed into Commonwealth/State meetings.
March/April	Third Senior Officials Working Group meeting for COAG Select Council on Gambling Reform	Consideration of the issues for discussion at the April COAG Select Council meeting.
April/May	Third COAG Select Council on Gambling Reform meeting	Progress national response to findings of the Productivity Commission Report on Gambling and consider further action on other Productivity

Date	Item	Comment
		Commission recommendations.

section 22