

**Joint Select Parliamentary Committee on Gambling
Inquiry into pre-commitment schemes
Public Hearing 15 February 2011**

Facts and Statements for FaHCSIA

GAMBLING

Key Facts

- Around 70 per cent of Australians participated in some form of gambling in 2009¹.
- Estimates of the average expenditure per year in each state for adults who gamble range between \$1200 and \$1900 (excepting the Northern Territory)².
- Total Australian gambling revenue in 2008-09 was just over \$19 billion (3.1 per cent of household consumption)³.

Suggested Speaking Points

The Government recognises that the gambling industry is a legitimate industry and plays a significant role in our economy.

We also know that many Australians like to gamble, be it an occasional flutter at the races, or buying a lottery ticket.

¹ Productivity Commission (2010) Inquiry into Gambling Report, Overview, p 5.

² Productivity Commission (2010) Inquiry into Gambling Report, Vol 1. 2.3.

³ Productivity Commission (2010) Inquiry into Gambling Report, Overview, p 6.

PROBLEM GAMBLING

Key Facts

- The social cost of problem gambling is estimated to be at least \$4.7 billion per year⁴.
- The Productivity Commission estimates that there are between 80,000 and 160,000 problem gamblers (0.7 per cent estimated prevalence rate). In addition there are between 230,000 and 350,000 people at moderate risk (1.7 per cent prevalence rate)⁵.
- Overall 35 per cent of problem gamblers have a severe mental disorder compared with 2 per cent of non-problem gamblers.

Suggested Speaking Points

Problem gambling has a significant impact on lives – not only the life of the problem gambler but also the lives of their families and friends.

The evidence shows that problem gambling causes harm to individuals and society. For individuals this can include:

- *financial problems;*
- *mental and physical health problems;*
- *difficulty holding down a job; and*
- *relationship and family breakdown.*

The Government's reforms are about limiting the damaging effects of problem gambling and making poker machines safer for everybody, while continuing to let Australians enjoy recreational gambling in pubs and clubs.

⁴ Ibid. p 2.

⁵ Ibid. p 11.

ELECTRONIC GAMING MACHINES (EGMS)

Key Facts

- Around 600,000 Australians (4 per cent of the adult population) play electronic gaming machines at least weekly⁶.
- There were 198,300 electronic gaming machines in Australia in 2009, with 97,065 machines in NSW, but only 1750 in Western Australia⁷.
- Annual revenue per electronic gaming machine was around \$59,700 in 2008-09⁸.
- Average revenue per venue from Electronic Gaming Machines was around \$2.1 million in 2008-09.
- Played at a high intensity \$1500 can be easily lost in an hour¹⁰.
- \$10,000 can be put into a machine at once (PC recommends \$20)¹¹.
- The current bet limit per button push is \$5-\$10 (PC recommends \$1)¹².

EGMS and Problem Gambling

- Around 15 per cent (95,000) of regular electronic gaming machines players are problem gamblers.
- Problem Gamblers are estimated to make up 40 per cent of total electronic gaming machines spending.

Suggested Speaking Points

The Government's policy is focussing on electronic gaming machines because problem gamblers who play electronic gaming machines make up the great majority of problem gamblers over all.

Electronic gaming machines are can be quite dangerous to consumers. The Productivity Commission has found that 'even among ordinary people, interaction with the machine can lead to loss of control'.

⁶ Ibid. p 2.

⁷ Ibid. p 6.

⁸ Ibid. p 6.

⁹ Ibid. p 6.

¹⁰ Ibid. p 6.

¹¹ Ibid. p 6.

¹² Ibid. p 6.

PRE-COMMITMENT

Key Facts

- Pre-commitment systems have been implemented to varying degrees in a number of international jurisdictions, for example: Nova Scotia, Norway, Sweden, Singapore and some Australian states.
- In Australia, pre-commitment is available at the Melbourne Crown Casino, and in some gaming venues in Queensland, South Australia, and New South Wales.
- The PC argues that the most effective pre-commitment system is one that:
 - is mandatory for all players, but allows players to opt-out (with periodic checking that this remains their preference);
 - allows players to set limits on time or money without subsequently being able to revoke these within a set period;
 - prevents further play when limits are reached; and
 - applies to all gaming machines in all venues in a jurisdiction (to avoid leakage).

Suggested Speaking Points

Pre-commitment lets people set their own limits on how much time and money they want to spend when playing poker machines and helps them to stick to it.

The Productivity Commission argues that pre-commitment is the most potentially effective measure to address problem gambling while not impacting on other people.

The Commonwealth government has committed to work with the states and territories to implement a best practice full pre-commitment scheme that is uniform across all jurisdictions and machines, with implementation commencing in 2012 and the full scheme commencing in 2014.

EMPLOYMENT

Key Facts

- In 2005 employment in:
 - hotels was around 65,000 people
 - clubs with gambling was around 60,000 people
 - casinos was around 20,000 people¹³.

Suggested Speaking Points

The Australian Government approach to implementing the reforms and include a rigorous assessment of the possible impact on local employment.

FaHCSIA has commissioned an independent study to inform the government's response to problem gambling. This study will include an economic model that is able to estimate the impact of a percentage reduction in EGM gambling expenditure on short-run and long-run employment. The final report will be provided to the Government by 31 March 2011. (Any decision on the public release of the report is a matter for the Minister).

INDUSTRY REVENUES

Key Facts

- Hotels derived 28 per cent of their revenue from gambling, clubs 61 per cent and casinos 78 per cent in 2006-07¹⁴.
- The share for big clubs often exceeds 80 per cent. The 12 biggest clubs in NSW had gaming machine revenue of \$580 million in 2007¹⁵.

Suggested Speaking Points

FaHCSIA has commissioned an independent study to inform the government's response to problem gambling. This study will include an economic model that is able to estimate the impact of a percentage reduction in electronic gaming machine gambling expenditure on revenue for electronic gaming machine venues. The final report will be provided to the Government by 31 March 2011. (Any decision on the public release of the report is a matter for the Minister).

¹³ Ibid. p 6.

¹⁴ Ibid. p 6.

¹⁵ Ibid. p 6.

STATE REVENUES

Key Facts

- State tax revenue from gambling was \$5 billion in 2008-09 (or 10 per cent of all state tax revenue), with Victoria having the highest tax dependence (13 per cent), and Western Australia the lowest (4 per cent)¹⁶.

Suggested Speaking Points

FaHCSIA has commissioned an independent study to inform the government's response to problem gambling. This study will include an economic model that is able to estimate the impact of a percentage reduction in electronic gaming machine gambling expenditure on revenue for the overall economy and governments, including gaming taxation and GST revenue. The final report will be provided to the Government by 31 March 2011. (Any decision on the public release of the report is a matter for the Minister).

TOURISM

Key Facts

- In 2007-08, 5 per cent of casino patrons were from overseas; 10 per cent were from interstate and around 85 per cent were state residents¹⁷.
- In 2007-08 around 18 per cent of casino gaming revenue was attributed to international VIP programs¹⁸.
- Tourism and gambling are more highly integrated in casinos than in other sectors of the gambling industry.

Suggested Speaking Points

FaHCSIA is currently working with the State and Territories on a range of policy issues including tourism.

¹⁶ Ibid. p 6.

¹⁷ Allen Consulting 2009

¹⁸ Allen Consulting 2009

IMPACT ON COMMUNITY, SPORTING GROUPS AND VOLUNTEERING

Key Facts

- Minister Macklin stated in a speech to 20th Annual Conference of the National Association for Gambling Studies on 1 December 2010 that, "The design of the scheme is also critical to ensuring that clubs, pubs and casinos continue to make a significant contribution to community life, and Australia's economy".
- Jurisdictions without much of a club presence or EGM gambling have at least as high a rate of participation in community sporting participation and volunteering as those that do¹⁹.

Suggested Speaking Points

This issue is among the factors which the Government will consider.

FaHCSIA has commissioned an Independent Study that will provide some further analysis in this area.

PRIVACY

Key Facts

- The PC argue that:
 - any pre-commitment system must contain strict privacy arrangements for data collection;
 - data collected should only be that necessary for keeping a confidential record of spending (or time) to allow binding limits and to provide player statements to gamblers; and
 - arrangements should be put in place to ensure that unless consent is provided, information that identifies individuals should not be available to regulators, venues or other parties.

Suggested Speaking Points

FaHCSIA is aware of this concern and the protection of privacy will be an element of the implementation arrangements.

¹⁹ Productivity Commission (2010) Inquiry into Gambling Report, Vol 1. 6.31.

ONLINE GAMBLING

Key Facts

- Growing rapidly in Australia
- Expenditure is estimated to be \$790 million per year (4 per cent of national gambling expenditure)
- Regulated in Australia by Interactive Gambling Act 2001

Suggested Speaking Points

The Council of Australian Governments Select Council on Gambling has been set up to develop a national response to the Productivity Commission's recommendations on gambling. The issue of online gambling is on the Select Council's agenda. FaHCSIA will assist the Commonwealth in considering online gambling in this arena.

CONSUMER PROTECTION

Key Facts

- Faulty cognitions about gambling are widespread, with around 10 per cent of gamblers thinking that, even on games of chance, they could win more if they used a certain system or strategy²⁰
- Gambling is a consumer good and the policy environment should seek to maximise benefits for consumers. This includes:
 - ensuring appropriate product safety standards; informed consent;
 - protection of vulnerable consumers; and
 - markets that encourage innovation and low prices for consumers²¹.

Suggested Speaking Points

A pre-commitment scheme will provide a significantly increased level of consumer protection than is currently available to users of electronic gaming machines.

It will make electronic gaming machines safer by letting people set their own limits on how much time and money they want to spend when playing poker machines and helping them to stick to these limits.

²⁰ Productivity Commission (2010) Inquiry into Gambling Report, Vol 1. 4.1.

²¹ Productivity Commission (2010) Inquiry into Gambling Report, Vol 1. 3.20.

Number of electronic gaming machines in each state/territory by casinos/clubs/pubs

State	Total	Machines in clubs	Machines in hotels	Machines in casino
NSW	97,065	71,865	23,700	1 500
Vic	29,272	13,434	13,338	2 500
Qld	45,311	23,052	18,757	3 502
SA	13,595	1,555	11,094	946
WA	1,750	nil	nil	1 750
Tas	3,652	173	2,199	1 280
NT	2,018	758	432	828
ACT	5,157	5,085	72	Nil
TOTAL	197,820	115,922	69,592	12,306

2009 Figures – PC Report 2010 2.26

EGM expenditure by State – 2007-08

State	Hotels and Clubs \$m	Casinos \$m
NSW	4 789	195
Vic	2 695	363
Qld	1 858	335
SA	782	59
WA	n/a	199
Tas	121	112
NT	74	89
ACT	183	n/a
TOTAL	10 502	1 339

PC Report 2010 Table 2.7 2.18