



**NSW GOVERNMENT SUBMISSION**

**TO**

**JOINT SELECT COMMITTEE ON GAMBLING REFORM**

**INQUIRY INTO THE  
POKER MACHINE HARM REDUCTION  
(\$1 BETS AND OTHER MEASURES) BILL 2012**

**OCTOBER 2012**

## **Introduction**

The NSW Government appreciates the opportunity to comment on the Private Member's Bill, *Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012*, introduced by Senators Di Natale, Madigan and Xenophon.

NSW continues to play a leading role in implementing measures to reduce the harm associated with gambling. The current problem gambling rate in NSW is among the lowest in Australia.

NSW policies and legislation provide an integrated and wide-ranging approach to gambling harm minimisation. This approach involves education, counselling services, research, venue and staff training, licence approval processes, and regulation.

## **Main features of the Bill**

The Bill seeks to impose restrictions on the operation of gaming machines within Australia, with the aim of reducing the harm caused by problem gambling through limiting the rate of gaming machine losses for players. While the objective of any measure seeking to reduce the harms associated with problematic gambling behaviour is laudable, it is important to ensure that such measures are appropriately targeted, effective, and evidence-based.

The restrictions in the Bill are directed at four main areas:

1. Note acceptor limits – restricting notes to a maximum of \$20 denominations
2. Cash input limits – restricting maximum credits to a value of \$20
3. Maximum bet limits – restricting bet limits to \$1 per spin
4. Jackpot limits – restricting jackpots to a maximum of \$500 per machine

The Bill also proposes the introduction of minimum national standards for gaming machines in respect of harm minimisation, with particular reference to maximum losses, by January 2015, and the establishment of a national monitoring network.

## **NSW Government position on the Bill**

### Note acceptor limits [Clause 8(1)]

The proposed \$20 cash input limit (Clause 8(2) of the Bill) would appear to render this requirement redundant. In any event, note acceptor limits are not supported by the NSW Government on the basis that the costs of implementation are not justified due to the currently inconclusive evidence on the effectiveness of the measure and the significant potential for it to be circumvented.

### Cash input limits [Clause 8(2)]

As noted above, the NSW Government is committed to responsible gambling policies and practices that are appropriately targeted, evidence-based and cost effective. There is no conclusive research suggesting that a cash input limit of \$20 would slow the

intensity of gaming machine play. It is considered that further research is needed to confirm whether or not a \$20 cash input limit (or another amount) would be effective in addressing problem gambling and not unduly impact on recreational gamblers.

#### Maximum bet limits [Clause 8(3)]

The NSW Government does not support the introduction of a \$1 bet limit. The available research conducted into the effectiveness of a \$1 bet limit as a gambling harm minimisation measure (Blaszczynski et al. 2001) is inconclusive. It is considered that the estimated costs of implementation (which some industry sources suggest is in excess of three billion dollars) are not justified in the absence of research confirming the efficacy of the proposal on addressing problem gambling.

#### Jackpot limits [Clause 8(4)]

In a similar vein to the above proposal, the jackpot limit proposed in clause 8(4) of the Bill is not supported in the absence of reliable research confirming the effectiveness of the measure in addressing problem gambling. The Productivity Commission refrained from recommending jackpot limits on gaming machines in deference to the lack of available research on the potential for jackpots to exacerbate problem gambling.

In addition, industry sources suggest the cost of implementing this measure would be similar to that postulated in respect of a \$1 bet limit.

#### National standards for gaming machines [Clause 13(1)(b)]

This clause requires the implementation of uniform national standards for gaming machines in relation to harm minimisation, with particular reference to maximum losses.

Work in this area is already underway, through reform of the Australian/New Zealand Gaming Machine National Standard. The National Standard sets out policy and technical requirements, common to all jurisdictions, for the design of gaming machines and games for operation throughout Australia and New Zealand. Each jurisdiction has an appendix setting out additional or differing requirements. The standard has developed over many years and received criticism from industry and regulators over the last 5-10 years because of the multitude of prescriptive requirements differing across jurisdictions.

NSW is currently leading a national review of the standard and its accompanying jurisdictional appendices. The aims of the project include achieving greater consistency and minimising jurisdictional differences in the national standards. This will assist industry to meet its obligations and requirements.

Completion of the project is expected to contribute towards a well articulated and transparent approach to harm minimisation, reduction in delays and costs to industry (including both manufacturers and venues), and increased certainty and support for innovation and investment, including greater opportunities for new technology that promotes harm minimisation measures.

### A national monitoring network [Clause 13(1)(c)]

This clause requires a national gaming machine monitoring network to be established. While there is no timeframe accompanying the requirement, there are significant obstacles to implementing such a measure. There are differing communication monitoring protocols among jurisdictions, commensurate with differing stages of technological development and infrastructure. These factors suggest that there would be considerable challenges associated with establishing a national monitoring network in the absence of substantial resources and expenditure. The rationale for a national monitoring network is also unclear.

### **Conclusion**

In conclusion, the NSW Government does not support the present Bill and notes that its main features (the proposed bet and cash input limits) are already the subject of national discussions through the auspices of the COAG Select Council on Gambling Reform. Among the terms of reference for the Select Council is the consideration of a national response to the full set of recommendations made by the Productivity Commission in its *Gambling* report (these recommendations include proposed bet and cash input limits).

It is considered optimal that these issues continue to be discussed collaboratively at a national level through the Select Council. The measures in the present Bill would appear to cut across and pre-empt the outcome of these important discussions.