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TRANSCRIPT

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JENNY MACKLIN: Good morning. I am very pleased to be here at this release of the Productivity Commission Report on Gambling with my Ministerial colleagues Senator Conroy and Senator Sherry, both of whom have important responsibilities in this area. In July 2008, the Council of Australian Governments resolved that the Commonwealth would request the Productivity Commission to do a major inquiry to update its 1999 work on gambling. And this followed calls from the community sector, from industry and from the Leader of the Opposition at that time, Dr Nelson. The Productivity Commission commenced its inquiry back in October 2008. They of course did a very important piece of work, they did major consultations right across the industry and with the community sector, received around 400 public submissions. You'd be aware that they released a draft report in October 2009 and then presented their final report to the Government earlier this year, and we're pleased to be here and releasing the report and the Assistant Treasurer is tabling the report in the Parliament today.

The report is very important. It does do exactly as the Council of Australian Governments asked and done a very useful piece of work on updating the information that we need to have a better

understanding of the nature of problem gambling, the size of the industry and it also makes a significant number of recommendations about the way forward. The Productivity Commission does estimate that there's between 80,000 and 160,000 Australians with severe problem gambling issues. They also estimate that there's between 230,000 and 350,000 people who are at moderate risk. So we certainly know that we have a significant issue. It's not only the problem gamblers themselves of course that have difficulties, it's also their families that are affected. The Productivity Commission's final report highlights the very significant social cost of gambling and they estimate that cost to be around \$4.7 billion. Although they indicate that there's a small number of problem gamblers representing very, very significant losses, they do estimate that those losses are around \$40,000 per person per year on average. So these are very significant issues. The Productivity Commission does also highlight that this is an important sector of the economy. There's a very substantial number of people employed in this industry, around 145,000 people employed across the sector. We do also recognise that in releasing this report it will be necessary for there to be an opportunity for the states and territories, the industry, the community sector, to have a say on the recommendations that the Productivity Commission has made. As a result, the Prime Minister has decided that he will recommend to his State and Territory counterparts that a Select Committee of the Council of Australian Governments will be established. The Prime Minister is writing to the Premiers and the Chief Ministers to establish such a Select Committee of the Council of Australian Governments and Senator Sherry and I will chair that Committee. The Productivity Commission report will be considered by that Select Committee and we will of course make sure that both the community sector and the industry, along with states and territories, have an opportunity to put their views to us about the recommendations that have been made to us.

What I want to indicate to you today is the Government's view broadly about some of the important recommendations in this report. I do want to indicate to you that the Australian Government is signalling its support for pre-commitment technology. The Productivity Commission does make it very clear that they think that pre-commitment technology is a very, very effective tool to enable individuals to manage their own gambling. And as a result the Government is indicating that we want to pursue the whole issue of pre-commitment technology as a priority, with the states and territories, with the community sector, and with the industry, and we want to get that started. We're also indicating today that we do not agree with the Productivity Commission recommendation which would see a liberalisation of online gambling. The Government does not agree with that recommendation and my colleague, Senator Conroy, will make some further remarks about that. I do want to just emphasise as the Minister for Families just how important we think pre-commitment technology is for gamblers and for their families. We know that problem gambling is a problem for individuals but it is also a problem for families. If we can assist individuals and families in managing their gambling problems, then families are going to be that much better off. So we look forward to working with the sector, with the community groups, with the states and territories, on the introduction of pre-commitment technology. I'll just hand over to my colleagues to make some brief comments.

NICK SHERRY: Thanks Jenny, and obviously today I'm releasing the weighty volume of the Productivity Commission report. I want to thank publicly Commissioners Banks, Fitzgerald and (inaudible). It's a very, very comprehensive document with very, very detailed and thorough research (inaudible) set of recommendations. Amongst the recommendations are a range of detailed observations about actions that are to be taken in respect to harm minimisation measures on electronic gaming machines. Now the extent to which those actual measures are adopted will be at least (inaudible) on the pre-conditions, on design of the pre-commitment regime that Jenny has touched on. The sector itself is a very, very, very large sector as Jenny has said, 145,000 people employed, and expenditure exceeding some \$19 billion. So it will be very extensive consultation with all of those who have an interest affected by any measures that we proceed with. I would point out with the considerable majority of the recommendations regulatory supervisory issues within the coverage of State and Territory Governments any measures

adopted in respect to improving oversight harm minimisation we believe need to take into account a number of factors. They should be nationally consistent and obviously that's why the establishment of a Select Committee to oversight that coordination's a national consistency. They should be practical and also have appropriate phasing timeframes. There are a range of costs associated with any changes to technology regulation supervision and there should be appropriate transitional periods developed in the adoption of any such measures that are (inaudible). Thank you.

STEPHEN CONROY: Thanks and as Jenny said we're not convinced that liberalising online gaming would have benefits for the Australian community which would outweigh the risks of an increased incidence of problem gambling particularly with the rapid changes in technology. The current prohibition of online gambling services to Australians will continue to apply and we will examine the regulatory approach taken by other countries with similar regulatory regimes in relation to online gambling, such as the United States. In particular, we will seek to work with other countries to investigate the possibility of a more effective multilateral regulatory regime to address this form of gambling, its social impacts, and its impact on the Australian gambling industry. When we talk about technology, if you like, mobile phones, which are now available 24/7 and are being extensively used by young people. So we just don't believe the strength of the case against the risks that it could bring you. So that's essentially where we stand on this. We do not accept this recommendation.

JOURNALIST: What level will those talks be at?

SENATOR CONROY: Government to Government.

JOURNALIST: Government to Government.

SENATOR CONROY: We'll be talking with the US Administration, they've got some very strong laws at the moment. We're going to talking to them about how effective they've been. We're going to be talking to them about trying to extend this across into other jurisdictions to see what we can do to try and get a global response to what is breaking out as an issue right across the country, when you've seen issues of online gambling sites sponsoring football teams, and in the UK that is happening all the time now. So we need to be working at a multilateral level with Government to Government, regulators to regulators, about what we can do in this area.

JOURNALIST: If some Australians are still getting access to these sites - and there have been some fairly well publicised cases is there any way technically to stop Australians using sites overseas and would you consider adding them to your internet blacklist?

STEPHEN CONROY: They are not a blacklist issue, there are other ways. The US have been reasonably successful I understand, in fact very successful, by planning transactions, financial transactions - that's how they've been doing it, so there are other ways to do it. But no, this is not part of our user filter discussion, there are other ways, that the US say, are very, very successful, which is why we are going to have a conversation with them. We'll talk to other countries about how we can work together to deliver that.

JOURNALIST: So there is some strong recommendations about capping gambling at one dollar a button push, capping the amount you put in the machine at twenty dollars at any one time maximum. What's the Australian Government's position on that, and what are you asking the states and territories to do to fall into line with those recommendations?

JENNY MACKLIN: There are a significant number of recommendations, forty-eight I understand, forty eight recommendations - we are indicating our view on two areas of the Productivity Commission's report. Many of these other areas are areas where the states have primary

responsibility. So that's why we are establishing this select group, a select committee of the Council of Australian Governments and we will discuss these issues with the states and territories. As you would be aware, there are various rules that apply in different states and territories about caps on the number of machines, so we'll have to discuss this issue with them. We also note in the Productivity Commission's report that they see pre-commitment as a very important way forward that may in fact mean we don't need to look at other regulatory approaches that they've suggested. So that's why we are acknowledging and supporting the important work that needs to be done to develop pre-commitment.

JOURNALIST: What's the Federal Government's position on whether that's actually the right...?

JENNY MACKLIN: We are going to discuss those issues with the states and territories with the community sector and with the industry.

JOURNALIST: What will you be arguing to your state colleagues...

JENNY MACKLIN: Well in the first instance, we will discuss that with them.

JOURNALIST: Does the Federal Government have the power to legislate firm machine design and new machines that gambling institutions may be introducing?

JENNY MACKLIN: Well, in the first instance we intend to do this on a cooperative basis we're not supposing that we're going to do it any other way. We're wanting to work through the Council of Australian Governments to get agreement on the way forward.

JOURNALIST: You have had the report since February; you must know whether the Federal Government does have the power?

JENNY MACKLIN: Well, we have various powers, both of my colleagues can answer in their respective areas, they belong in their two portfolios, so they might like to answer that question. But the important point that I want to emphasise is that we want to sit down in a co-operative way with the states and territories, with the community sector and with industry to resolve these matters and I will swap over with these guys in a minute.

JOURNALIST: One question on that, is there a time frame that mentions where (inaudible) gamblers are (inaudible) in those discussions saying for one year or two years they are not under the cap (inaudible).

JENNY MACKLIN: No we haven't. We want to discuss that with our colleagues in the first instance and work through the issues with them.

JOURNALIST: Minister is this the start of problem gambling being taken as seriously as issues like problem drinking?

JENNY MACKLIN: I think there's no doubt the community want us to address this issue as I indicated at the start of my remarks, we've had a broad cross section of the Australian community calling for the Productivity Commission inquiry. We had, of course, calls from the community sector from those representing families who are really suffering from problem gambling. But we also have people in the industry who want to see these issues addressed. We have had calls from the Opposition as well to have this inquiry undertaken. I think there is wide ranging views across Australia that these are important issues that we should address together.

JOURNALIST: Would you concede it's been neglected then?

JENNY MACKLIN: I think it's a very serious problem. If you look at the number of people who have serious problem gambling, we're talking about 160,000 people who have severe problem gambling issues as the Productivity Commission indicates -that's a lot of families that are being affected. I think we do all need to come together and address this serious problem and the Productivity Commission has given us some very helpful proposals about the best way forward. They certainly emphasise just how important pre-commitment is in that regard.

JOURNALIST: Poker machines in particular are fantastic cash cows for state governments. Is the Rudd Government concerned that one-dollar spin rates and twenty dollar note takers would threaten state revenue so significantly you would put the states off-side?

JENNY MACKLIN: Well, all of those issues will be investigated by the select committee, but the Productivity Commission inquiry and its recommendations really highlight the importance and usefulness of pre-commitment, of pre-commitment technology supporting individuals in addressing their own problem gambling. So I think it's important for you to have a look at the recommendations and the Productivity Commission's inquiry's findings that show how important pre-commitment technology can be in addressing issues of problem gambling. Senator Sherry might have something to add.

NICK SHERRY: Just on the specific issue of raised revenue. Look, the extent to which any, if there is any, impact on state revenues will clearly be dependent on the final range of measures that are adopted and also time frame of which those measures are implemented. So it is an issue for consideration.

JOURNALIST: Is there going to have to be some kind of compensation offered to the states if an agreement is struck?

NICK SHERRY: Well, we will cross that bridge if we need to cross it. I would point out, however, that the Government has changed, in terms of GST revenue, there is no longer a requirement in the gambling area specifically for the states to have a requirement to ensure they maximise revenue collection from gambling. That is no longer taken into account in terms of disbursement of GST revenue, that's an important change that's been made. Also in the context of revenue, there is a counter issue here and that's expenditure and the Commonwealth is investing very significant dollars on health funding and the range of health costs going forward an increasing range are being met by the Commonwealth as (inaudible) states. But it's too early yet to engage in any details on revenue loss or (inaudible) compensation.

JOURNALIST: Minister, isn't this a case where the regulation of gambling is a state responsibility and the Commonwealth can really only set up a select committee?

JENNY MACKLIN: No, I don't accept that. I think we're indicating in the area of internet gaming, where of course the Commonwealth has responsibility, what our strong position is. We do recognise with the changes to technology, it's very important to have a very clear position and that's why we have come out in the way we have today.

JOURNALIST: Is there a time-frame on the select committee report?

JENNY MACKLIN: We want to have those discussions with the states and territories in the first instance.

JOURNALIST: (inaudible) Are you saying the Federal Government doesn't have a position or that you just want to tell the states and territories first before you tell the public what your position is on that?

JENNY MACKLIN: We want to make this report public. It has not been made public until today and we want to give the opportunity to all the different groups who are interested in this area to put their views to the select committee and then of course we will consider them and make recommendations. These are issues that are very important to all of the people involved in this sector.

JOURNALIST: Senator Sherry mentioned health funding is there some kind of trade off between health funding and gambling revenues?

NICK SHERRY: Not specifically. What I am pointing out is there are health costs involved in terms of the problem gambling and the Commonwealth does pick up a substantial and increasing portion of those costs. I am just pointing out that the extent there's any revenue loss depending on measures that are adopted to the states we are actually picking up a cost, an increasing proportion of that cost in terms of the health issues that require expenditure and I just indicate that's certainly an issue that will be highlighted to the states if indeed we get into any discussion about impacts on revenue.