

Legislative Council Hansard – 14 September 2017 – Proof

GAMING MACHINES AMENDMENT (TRANSPARENCY) BILL 2016*First Reading*

Bill introduced, and read a first time and ordered to be printed on motion by Mr Justin Field.

Second Reading

Mr JUSTIN FIELD (12:29): I move:

That this bill be now read a second time.

Australians have a problem with gambling. It is a problem we do not like to acknowledge and that we do not like to talk about, but that does not stop the harm caused by gambling, particularly for those with gambling addiction and their families and communities. By far and away the most harm from gambling is caused by poker machines. Electronic gaming machines, otherwise known as poker machines or "the pokies", are the biggest contributor to gambling losses in Australia—amounting to more than \$11 billion in 2015. New South Wales is number one when it comes to the pokies. We have the highest number of poker machines and associated gambling losses of any State. That is a ranking of which we should be ashamed.

New South Wales is home to more than 93,000 electronic gaming machines—about half of all the poker machines in Australia. The next highest is Queensland, with almost 46,000 poker machines—less than half of New South Wales. Our Victorian neighbours have even less, with a statewide cap of 30,000 machines. To put it in another context: one in 10 poker machines worldwide are in New South Wales. In the number of machines we are second only to Nevada. The big difference is that Nevada's machines are in the casinos of Las Vegas; ours are mostly in local pubs and clubs—mini-casinos on the street corners of our local neighbourhoods.

The high concentration of machines in New South Wales leads to real losses for the public. As a community, in New South Wales we lost more than \$5.7 billion to the pokies in 2015—an average loss per person of \$1,518. That is more than double the per person loss in Tasmania. Based on the Government's forecast gambling tax estimates, it looks as if we are headed for losses of around \$8 billion this year, and it will continue to grow substantially out to 2020. To put it simply, the big problem we already have is set to get worse. In fact, it seems to be designed to get worse. Pokies are linked to addiction and gambling-related harm more than any other form of gambling and, given their prevalence, that is unsurprising. The report of the Select Committee on the Impact of Gambling inquiry in 2014, chaired by Reverend the Hon. Fred Nile, stated:

Manufacturers design EGMs (poker machines) to entice people to commence playing them and remain at the machines to continue their expenditure.

Poker machines are designed to addict. Those who deal with the day-to-day impacts describe it as "playing to extinction". It can be hard for someone who has never felt the effects to understand how a machine can have such power and pull that it compels someone to spend everything they have, and still keep betting. My motivation for introducing this legislation is that people who work day-to-day with people suffering from gambling addiction have told me that one of the key barriers to making the case for change is the lack of locally specific information about the losses and social impact. It may seem as if I have already quoted many figures in my contribution and clearly some data is available, but much of it is an extrapolation or an aggregation. I have had to buy much of it from the Government, because it is not freely available under freedom of information laws. Information is power and when the community understand the real impacts, they are given agency to be part of designing and implementing solutions.

This is not about attacking clubs and pubs. I understand their importance as social hubs, especially in regional communities, but their business model is based on generating revenue at the expense of those with gambling addictions. It is morally bankrupt model and we need to help find a new business model. This bill is about opening the door to that conversation and ensuring that we understand the consequences of failing to find a new way. Unlike other States, New South Wales does not make gaming machine data freely available to the public. Limited information is published by Liquor and Gaming NSW in its annual report. It is confined to the number of machines and the turnover in each local government area. The "turnover" refers to the total amount of money that is put into poker machines. It does not give us an understanding of how much of that money is lost or, in reality, the profits taken by the hotels and clubs.

Specific data about how much is lost by everyday Australians can only be purchased, but even that is limited to aggregated local government area statistics. The club-by-club statistics are hidden. That makes it very difficult for communities to access and understand the financial losses caused by poker machines in their areas and, in turn, makes it difficult to take action to address them. This is inconsistent with the approach of other Australian States. In New South Wales, Queensland and Victoria, all poker machines are required to be connected to a centralised monitoring system. This allows for the collection of data from those machines to track turnover and expenditure, and to calculate gaming machine taxes. These systems provide constant reporting for all operational poker machines. Each State has the same gaming machine data available. Each State has similar legislation for poker machine regulation. Despite this, there are significant discrepancies in what information is made available to the public.

In Queensland, the Gaming Machine Act 1991 has similar provisions to section 206 (2) of the New South Wales Act to limit the disclosure of information. Despite this, there is monthly reporting on poker machine statistics in Queensland. That reporting includes the number of venues with poker machines, the number of operational poker machines, the approved number of machines for the local government area and the monthly metered wins. They also provide localised information about the gaming machine venues in each area. In short, they make more information available, more frequently than in New South Wales despite our similar legislation. In Victoria even more information is made available to the public. Section 10.1.33 of the Victorian Gambling Regulation Act 2003 addresses the publishing of poker machine data. There is a requirement that the data is aggregated, except as authorised by subsection (2) of that Act, which allows the Minister to publish disaggregated statistical data if it is considered in the public interest.

The Victorian Minister has used this power to authorise the publication of disaggregated data. Accordingly, the Victorian Commission for Gambling and Liquor Regulation provides both venue-specific and region-wide data. Venue-specific data provides details of all gaming venues within Victoria, including current year expenditure, venue location and classifications, license and nominee details. The data relates to the net electronic gaming machine expenditure, which refers to the "total amount lost by players". This allows the community to access specific information about losses in specific venues, as well as in their local area. New South Wales, Victoria and Queensland all have the same statutory requirements for the collection of poker machines data. All three States require that all poker machines be connected to an electronic monitoring system and all have the same data available to them. Despite this, New South Wales reports significantly less to the public than our neighbours.

In Victoria, the publication of disaggregated data has been allowed, in part, because it is deemed in the public interest. Section 206 (5A) of the New South Wales Gaming Machines Act 2001 provides a similar exception to the limit on publishing poker machine data if "it is in the public interest to do so". However, successive New South Wales Ministers have failed or refused to exercise this power. ClubsNSW, in particular, has resisted greater transparency regarding poker machine data in New South Wales. In a recent issue of *Club Life*, Anthony Trimarchi, New South Wales Manager—Policy and Government, stated:

ClubsNSW does not support the broad disclosure of individual venue gaming machine data as it is not in the public interest.

Respectfully, I disagree. My contention is that it is in the public interest to release this information as fully and as freely as possible. The New South Wales Government has not been prepared to do that, so I am introducing this legislation on behalf of The Greens and the wider community to require its release by law. This is only part of addressing our problem with pokies, but it is a step in the right direction. This kind of information would make a world of difference for people in Fairfield who gamble more than their average annual wage on the poker machines each year.

I recently hosted an event in Fairfield and heard firsthand the impacts of addiction on the community and how the gambling industry has ingrained itself into the everyday lives of the local people. Releasing this information would be an important step in providing that community with greater capacity to start to address the issues associated with the high rates of poker machine gambling. Given statistics on machines numbers, on losses and on the corresponding harm endured by the New South Wales community from those losses, it is this State that has the greatest interest and the most to gain by ensuring this information is freely available.

I will turn now to the details of the bill. The objective of the bill is to require the publication at greater intervals of certain information relating to the operation of the gaming machines at each hotel or club in respect of which a gaming machine entitlement is held. This bill will amend the Gaming Machines Act 2001 to insert a new provision. The proposed section 140B (1) will require the authority, NSW Liquor and Gaming, to publish monthly reports containing the name, address, local government area and LGA classification for each venue with gaming machine entitlements; the number of poker machines held at the hotel or club; the poker machine threshold for the venue; the total turnover from poker machines at the venue; and the total profits, or player losses, for poker machines at the venue.

Introducing this provision will ensure communities have access to local, up-to-date data about pokie losses for each club or hotel in their area. It will make it easier to track and understand the impacts of these machines. Essentially, it will require the New South Wales Government to make public the information routinely made public in other States. This information is available to the regulator, with statutory provisions requiring all poker machines in New South Wales to be connected to a central monitoring system. This system provides constant reporting of pokies statistics—reporting every 15 seconds—as well as daily summaries of turnover and expenditure. This data is collected to calculate gaming machine tax revenue for gaming venues. There is no technical, administrative or cost barrier to the provision of this information to the public. If it can be collected to generate tax revenue for the State, it can be easily published. Section 140B (2) will require the authority to publish a quarterly report outlining the community contributions made by hotels in accordance with part 4 of the Gaming Machine Tax Act 2001.

No matter one's views on gambling, in New South Wales we recognise in statute that this industry can be harmful, especially where there is an addiction. The potential for harm is also recognised in the regulations in increasing the number of poker machines in a local government area. Section 35 of the Gaming Machine Act 2001 requires, in most situations, a local impact assessment for any proposed increase in machines. Depending on the classification of the local government area, venues must demonstrate that the threshold increase "will result in a positive contribution to the local community", or the higher bar, "will provide an overall net positive impact on the local community". This makes it clear that more pokies in any area has the potential to cause harm, to such an extent that the positive contribution of the increase must be demonstrated before it is approved.

Simply, the argument is made by clubs that their contribution to the local community offsets the recognised harm caused by the poker machines from which they derive a significant portion of their revenue. I note that many clubs acknowledge that that proportion of their revenue is as high as 70, 80 or even 90 per cent. Their business model is almost entirely based on the revenue from poker machines. This provision seeks to ensure that those community contributions they make—which they so readily publish and promote within the community and which they so often promote to members of this place when we are considering gaming machine regulations— for which clubs can offset tax obligations to the New South Wales Government, are transparent to the local community on a regular basis. This is particularly important when considering registered clubs and the contributions they make to the community. In a submission to the inquiry into the impact of gambling in 2014, ClubsNSW submitted that the presence of poker machines in clubs was ultimately beneficial to the community. It said:

The non-profit community gaming model is unique in that it provides a safe and reputable market for gambling while redirecting the profits of gambling back into local communities to maximize social benefit.

Category 1 ClubGRANTS, which is one of the mechanisms by which these profits are redirected back into the community, cover the grants given to community groups for projects and services that contribute to the welfare and broader social fabric of the local community. An analysis of the 2015-16 poker machine revenue for clubs shows that in the 10 LGAs with the greatest poker machine losses, ClubGRANTS gave an average of 0.39 per cent of the pokie profits back to the community. This is a shockingly low financial contribution. It means that these same clubs made a more than \$1.5 billion profit on poker machines, which equates to losses to the community and, in turn, paid in ClubGRANTS just \$6.8 million in the same year—less than 1 per cent. There are also Categories 2 and 3 ClubGRANTS that can be contributed to by clubs to also offset their tax liabilities.

Compiling this data is challenging because some council areas provide it and some do not; some clubs provide it and some do not. The Government provides some but it does not tell us what is not supported by ClubGRANTS; the Government's information is not transparent. Regardless, it must all exist within government, it is held by government, as it is used to ultimately assess gaming tax liabilities. The addition of section 140B (2) to the Gaming Machine Act 2001 will ensure that the community has a clear understanding of the money that is spent on poker machines and how much of this financial benefit is conferred back to the local area. It is important that this is more transparent so the impact and benefit of poker machines can be fairly weighed up by each community.

In conclusion, I will make an assumption that all members in this place want to reduce the harm from gambling in New South Wales, in particular from poker machines. The Government's policy is to slowly reduce machines and to minimise harm. Unfortunately, the statistics we do have show this is not working, and the Government's budget forecasts show it is not expecting it to work anytime soon—in fact, the Government is expecting it to get much worse. To address any problem, one needs to understand it, and the community, who has the most to gain from being part of the solution, does not have the information it needs to play its role. This bill seeks to fix that. It seeks to make basic information that is already collected available to the public for free, as it is done in other States. That is in the public interest.

The bill seeks to make available to the public the details of the community contributions made by poker machine licence holders because that is an important part of the story that underpins political and community support for many of these clubs. If the Government, the Opposition and the clubs stand by their positive contribution, what is there to hide? Let us release this information and make it available to the public. Let us open the curtains, have a look and fully understand the harms of poker machines so we can work together to address them. While we are doing that, let us also ensure that clubs are operating in the best interests of their members and the community and that all businesses profiting from the pokies are held to a standard of corporate and social responsibility that protects the community from undue social harm. I commend the bill to the House.

Debate adjourned.