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HANSARD

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STATUTES AMENDMENT (GAMBLING REFORM) BILL

Mr PEDERICK (Hammond) (16:19): I rise to make a contribution to the Statutes Amendment (Gambling Reform) Bill 2013. I would like to thank all the clubs, the Australian Hotels Association and others that gave our party briefings, and I would like to thank my staffer Liam O'Neill, who attended these briefings on my behalf. I would like to say that the member for Davenport has given a very good representation of what is going on here, and I acknowledge the contribution from the member for Goyder.

What we are seeing here is that the state government has recently announced the arrangement with the Casino, which includes increasing the number of poker machines in the Casino by 505 to 1,500, but we understand that that deal is not yet signed. Obviously, the Casino and the government want construction to start in early 2014. I certainly think that is what is driving this issue and the speed and haste to get this bill through so that the government can get a photo before the election in 2014—pardon my cynicism.

There has obviously been some federal legislation recently regarding gaming machines, and this legislation overrides state laws if there is any conflict between the two lots of legislation. Back in 2006, the government established the Responsible Gambling Working Party to look at how precommitment could be implemented in South Australia, and this report has been sent out to members. What I understand about precommitment is you can go into a gambling venue and commit to a couple of hundred dollars. You can essentially lose up to that amount and then the staff will talk to you and see if you are comfortable, and then you are quite happy to commit to a bit more, so I do not know exactly what you are committing to. I think there are some issues there for a start.

On 19 December 2012, the Casino announced an up to \$350 million expansion based on the agreement that was being reached with the government. As has been stated by other speakers, the Casino currently has 995 gaming machines under one entitlement and therefore they cannot be traded. What this bill seeks to do is gift the Casino an entitlement for each of its existing 995 machines, and that will increase the entitlements up to 1,500. These 505 extra entitlements have to be purchased through the market, purchased from clubs and pubs. However, as part of the agreement with the government, if the 505 entitlements are not purchased by a certain date, which is commercially in confidence, then the government has agreed to sell the Casino 300 entitlements for their VIP room at a set price, which has not been disclosed either.

This could increase the number of gaming machines in South Australia, and if they are sold by the government, my understanding is that for the VIP area these machines are not tradeable. There is a one-off \$20 million upfront payment to the government in the agreement, not the legislation, and the deal is forecast to net an extra \$60 million, including the \$20 million to the state budget over the forward estimates compared to the 2012-13 budget. It is noted that, alongside of this, gambling tables will increase from 90 to 200. I also note that taxes on poker machines will be lifted from 34.4 per cent to 41 per cent in the non-VIP area and will be 10.91 per cent in the VIP area. The charge on table games will rise from 0.9 per cent to 3.4 per cent.

With regard to the Australian Hotels Association submission to members, the Australian Hotels Association did not request an increase to 60 machines per venue. This was proposed by the

government via the welfare sector. Given current economic conditions, the Australian Hotels Association believes few hoteliers will be able to increase entitlement numbers to 60. I note that we will be moving amendments that there will not be any movement above 40 machines.

Clubs SA also briefed us, and that was held following the Australian Hotels Association briefing. Clubs SA were quite frank. They said that this will be a club killer and they want the bill defeated. They certainly put up a good argument that venues should not be able to go to 60 machines, and they also indicated that only Coles, Woolworths and big-end hoteliers will be able to increase entitlements to 60. This will concentrate machines in pubs and the Casino and away from clubs.

I note, while I am talking about clubs, that I am a country member of Port Power and they had a pretty good start. Things are not going too well at the moment but they will keep going. As has been advised by other members on this side of the house, the South Australian National Football League has indicated that at no time has the government engaged with the SANFL, or its clubs, to discuss the legislation.

The issue here is that there is much at stake right across the state, whether it is footy clubs or other clubs that are able to hold gaming licences, or small hotels in the regions. We also know there has not been a regional impact statement done because, in the government's haste to get this deal up as a pre-election sweetener before next year's election in March, everyone bar the Casino has been left out of the picture. I find this appalling. As the member for Goyder indicated, there is a lot of—

The Hon. J.R. Rau: It would be appalling if it was true.

Mr PEDERICK: Yes, well, you will have your right. There are a lot of clubs and a lot of hotels, especially in regional areas, that will just look at the option and say, 'Perhaps it's easier just to quit our machines if legislation goes through that the super clubs could have 60 machines.' You will get clubs in regional areas, like Hammond and others right around the state, and hoteliers, who will say, 'We will sell our 10 entitlements, get our of \$600,000-odd,' and that is the end of the pub, and small communities become smaller and people do not have a meeting place.

The welfare lobby argument in this debate is that they want fewer venues but bigger venues as they achieve, in their belief, better problem gambling supervision at bigger venues. They also want the proposed \$5 maximum bet limit dropped to \$1 maximum bet limit. SACOSS wants mandatory pre-commitment at those venues offering cashless gambling.

According to the level of problem gambling that was presented as a case, in regard to rates per state over 10 years, South Australia has a problem gambling rate of 0.4 per cent of all adults in the state. I note that is not 0.4 per cent of all gamblers, but it is indicated that this is the second-lowest problem gambling rate in Australia.

The Responsible Gambling Working Party produced its fifth and last report in June 2012. The Responsible Gambling Working Party recommended consistency with federal proposals and then it stopped its work and reported. It is noted, when the discussion has been about federal and state time lines, that the federal time lines will always override the states. There needs to be streamlining of these time lines so there is no confusion because, at the end of the day, the federal legislation will win out. It is obvious that the responsible gambling working group wants consistency with the federal legislation. It is to be noted that in the federal legislation there is a requirement that the ATM restrictions come in from 1 February 2014.

As we have talked about, there is talk about super clubs and what this bill is talking about doing is major gaming venues and casino regulatory changes and the government is proposing to develop a two-tier system of major and minor venues with substantial responsible gambling requirements for major venues. Major venues are described as those that have a greater focus on gaming and that can install automated systems to support pre-commitment and staff identification of problematic gambling behaviours. Venues must decide by 1 January 2016 if intending to be a major venue but can choose from 1 January 2014.

Any provision of a lease that purports to require the lessee to operate as a major venue or a minor venue for the purposes of this act is void and of no effect under section 77(4), and this will apply from

1 July 2013. Those venues that cannot comply with the responsible gambling requirements or the regulatory framework around that must become a minor venue.

The default position in this legislation that is proposed is that all hotels and clubs will be minor venues unless they notify the commissioner of their intention to be a major venue. This means that a small venue with less than 20 machines may elect to notify its intention to be a major venue and will need to comply with the requirements of a major venue. If we look at major venues and the minimum requirements, they need to be party to a responsible gambling agreement and have elected to install an approved precommitment system, recognised automated risk monitoring and better gaming machines.

If venues offer these improved responsible gambling measures, the trade-off is an ability to provide optional features, which include up to 60 entitlements as the legislation is drafted now, longer trading hours compared to a minor venue, coin machines, loyalty systems and cashless gaming. With the precommitment overview, this will be mandatory for these major venues and voluntary for the customer. It is part of a package linked to royalty programs, patron tracking, a monitoring system for risk and possibly cashless gaming. In the precommitment system only recognised systems can be operated with specific system requirements and regulations.

Precommitment systems will need to be in place for venues. This is what has been said about the government's wish to increase those venues beyond 40 machines, but we do not want to see that, and others will need precommitment systems by 1 January 2016 but will have until 1 January 2017 to install them. This is where it gets confusing, because the federal precommitment system is to be installed from 31 December 2018, so there is still a lot of debate about how many machines will be allowed in the super clubs and the regulatory requirements around those numbers.

In regard to the precommitment, there will be features for registration requirements, budget types and other limits, variation of budget and other limits, customised reminder messages, standard messaging to those not registered, communication methods to customers, player activity statements and periodic confirmation of budget and other limits. I note the requirements around the recognised automated risk monitoring system. This is essentially a player tracking system using player data to gauge risky or potentially problematic patterns of play.

An explanation paper around this acknowledges that these systems are in their infancy and notes they would be used to inform staff as an indicator that additional human observation is required. The IGA will determine the identifying indicators of potential problem gambling behaviours, taking into account any matters prescribed by regulations before recognition of a system. The IGA will also specify the training requirements for automated risk monitoring systems.

Another feature in regard to major venues is the retention of ATMs. I also note that the Casino is exempt from the commonwealth legislation, and the bill proposes to prohibit ATMs in the gaming area of the Casino and will not impose any daily limit, but EFTPOS facilities will be capable of being provided in the gaming area of the Casino. There will also be retention of automatic coin machines, retention of loyalty systems and the ability to provide cashless gaming.

In regard to minor venues, minor venues are described as those who choose to have gaming as incidental to their food and beverage operations. Key changes for these venues include: the prohibition of any automated systems (coin machines from 1 January 2020 and loyalty programs from 1 January 2016), reduced operating hours from 1 January 2016, and these venues will have to close between the hours of 2am and 10am.

Obviously, there will be a reduction of gaming numbers from 1 July, and regulations will allow up to 40. This is how the legislation has been drafted. We do not want that to go above that with regard to the super clubs, so there is going to have to be some debate about that during the committee stage of the bill. They can have up to 40 gaming machines that can be operated until 31 December 2016, but no more than 20 from 1 January 2017, with the ability to operate 11 to 20 gaming machines to install precommitment systems by 31 December 2022.

With regard to the maximum betting limits in minor venues, a maximum bet limit of \$5 will apply to minor venues from 1 January 2017, but this will not apply when a machine is lawfully being provided by a minor venue when this bill becomes law. Venues with more than 20 gaming machines that wish

to continue operating those machines will need to become major venues and comply with the requirements of a major venue, or sell excess entitlements through the approved trading cap.

With regard to the state-wide gaming machine entitlement cap, the current cap or entitlement does not include the Casino; therefore, the target for reductions will be 13,081 machines, adding the 995 that are currently in the Casino that will get their single entitlement under this bill. This compares to the existing target of 12,086 machines.

I have already talked about the proposal for the government allowing the Casino to increase their machines by 505 entitlements. The Casino will have access to the approved trading system established for hotels and clubs, and this will allow the Casino the right to buy and sell entitlements. It is to be noted that, essentially, under this legislation without amendment, those 995 entitlements would have been gifted to the Casino. But, we know that if they are not gifted, according to amendments that we want to move on this side of the house, it is not a deal-breaker.

If the Casino is unable to purchase enough entitlements, as I mentioned before, through the approved trading system, the government proposes to sell up to 300 entitlements to the Casino for the VIP areas. As part of this legislation, cashless gaming will be part of the deal, and there will have to be criteria presented by 1 January 2016 for account-based system.

There is also talk of different upgraded machines that can be automated. Certainly, with regard to major gaming venues, machines have to be capable of receiving and displaying messages, capable of complying with the most current gaming machine standards, and then have bet limiting notifications. There also has to be basic problem gambling identification, it has to be precommitment, and there are also issues around barring that need to be linked to these machines.

I also note that all the requirements with regard to training for all these systems has come into place, and there is certainly more advanced training that has to come into place for major venues. With the limited time I have left, I would like to acknowledge that we have welcomed the Casino proposal, but we do not support the gifting of the single entitlements; we know that is not a deal-breaker with the Casino.

On this side of the house, we do not support the 'super venues' getting up to 60 units, because I believe that would tear the heart out of clubs, smaller venues and smaller hotels across South Australia. Like it or lump it, many people have spent a lot of money using gaming to increase their revenue so that they can be viable where otherwise they may not be.

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