



**Cassy O'Connor MP**

Tasmanian Greens Leader

Member for Clark

Monday, 9 August 2021

The Secretary  
Department of Treasury and Finance  
GPO Box 147  
HOBART TAS 7001

Via: [future.gaming@treasury.tas.gov.au](mailto:future.gaming@treasury.tas.gov.au)  
Attention: Future Gaming Market Project

Dear Mr Ferrall,

On behalf of the Tasmanian Greens, I make this submission in response to the draft *Gaming Control Amendment (Future Gaming Market) Bill 2021*.

We have assessed the draft Bill and associated explanatory papers, and as a consequence are even more concerned about the future of gambling in Tasmania than we have been at any time since the policy was first announced in 2017-18.

This is the most immoral piece of legislation to ever come before Tasmania's Parliament. Unlike the existing Deed, it has no end date and, through rolling 20 year license renewals, would embed profound social harm in the community in perpetuity.

The gambling industry has been granted everything it must have hoped for when it made the strategic decision to fund the Liberals' election win in 2018. This Bill is the quid pro quo.

The new arrangements relegate harm minimisation measures to as yet unspecified or written regulations, instead of ensuring they are understood and debated as part of the proposed legislative amendments.

The new industry arrangements proposed in the draft Bill also introduce new forms of gambling such as simulated racing events and fully automated table games, which were not part of the policy announced by the Liberal Government, and will create new layers of gambling harm to Tasmanians.

Full automated table games are clearly a cost-cutting model put forward by industry, and too readily accepted by government as part of the new regime.

We are also concerned about the ambiguity over distribution of the Community Support Levy, given its importance to social welfare, community and sporting organisations in the past.

The following comments and feedback provide more specific details on issues we have identified with the amendments.

## Electronic Gaming Machines (Pokies, EGMS) in Pubs and Clubs

Electronic Gaming Machines (EGMs) are by far the preferred means of gambling by problem or at-risk gamblers.<sup>1</sup> All aspects of the machines are designed to enhance addiction. The payout schedule is designed based on expertly implemented Pavlovian and Operant conditioning techniques<sup>2</sup>, and the visuals and sounds are all designed to promote a hypnotic like effect.<sup>3</sup>

The EGM machines used in Australia and Tasmania are among the most addictive in the world.

Various game design features, such as losses disguised as wins, the number of play lines available, the introduction of interactive features, right down the game play speed, are all meticulously designed to promote addiction and to minimise user control.<sup>4</sup> Misleading techniques, such as a symbols appearing on the reel more times than they are likely to actually occur, are also utilised.<sup>5</sup>

The examination of electronic gaming machine patents paints a picture of an industry that is not only shamelessly aware of the misconceptions of gamblers, but actively tries to capitalise on them. The patents openly admit that technological advancements are designed to increase player participation, and therefore, losses,<sup>6</sup> and that design factors are important to capitalise on consumer misperception about payout probability.<sup>7</sup> For example, one patent openly states that:

*“A significant technical challenge is to improve the operation of gaming apparatus...*

*... by making them yield a negative return on investment in the long run (via a high quantity and/or frequency of player/apparatus interactions) and*

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<sup>1</sup> Livingstone, C and Woolley, R, 2007, [Risky Business: A Few Provocations on the Regulation of Electronic Gaming Machines](#)

<sup>2</sup> Commonwealth of Australia, 2011 [Parliamentary joint Select Committee on Gambling Reform](#), pp. 32-33.

<sup>3</sup> News.com.au, 2015, [Ka-Ching! Pokie Nation documentary lifts the lid on the insidious nature of the pokie industry](#)

<sup>4</sup> Williams, RJ, West, BL, Simpson, RI, 2012, [PREVENTION OF PROBLEM GAMBLING: A Comprehensive Review of the Evidence and Identified Best Practices](#), pp. 52-57

<sup>5</sup> Canadian Medical Association Journal, 2008, [Do slot machines play mind games with gamblers?](#)

<sup>6</sup> Patent No. US5116055 A, [Progressive jackpot gaming system linking gaming machines with different hit frequencies and denominations](#)

<sup>7</sup> Patent No. US4448419 A, [Electronic gaming device utilizing a random number generator for selecting the reel stop positions](#)

*yet random and volatile enough to make players feel they can get lucky and win in the short run.”<sup>8</sup>*

Progressive jackpots, “bonus” games<sup>9</sup> and “free spins”<sup>10</sup> are often used for this purpose.

These machines are constantly being improved to enhance their addictive qualities. Some contemporary advances include remote access to EGMs through mobile devices<sup>11</sup>, advances in turbo boost functionality<sup>12</sup>, multimedia displays that allow EGM gamblers to multitask by watching movies or other gambling streams, such as horse racing<sup>13</sup>, user-controlled configuration changes that allow EGM users to configure the appearance of a machine to their own tastes,<sup>14</sup> and methods of enhanced delivery options for information that provide gamblers with a “perception” of advantage and opportunities that are not available to others.<sup>15</sup>

This evidence illustrates that EGMs are deliberately designed to maximise addiction, as well as exploit and encourage misconceptions. Technological advances are only making this easier for the industry.

The harms of EGMs have already been well established in Australia. In 2010, the Productivity Commission pointed out that the vast majority of problem or at-risk gamblers primarily use EGMs, many of them lose a sizable portion of their household income, have significant misconceptions about how the machines work, and vastly underestimate their losses.<sup>16</sup>

The Productivity Commission highlighted the harms arising from gambling addiction include *“suicide, depression, relationship breakdown, lowered work productivity, job loss, bankruptcy and crime.”<sup>17</sup>*

EGM use as a means to escape personal challenges is the motivating factor that has been found to have the highest correlation with risky gambling behaviour.<sup>18</sup> This is likely related to the fact that EGMs disproportionately harm vulnerable people such as PTSD affected veterans<sup>19</sup>, people with a childhood history of physical and sexual abuse,<sup>20</sup> people with mental health issues such as anxiety and depression,<sup>21</sup> people with mental health disorders such as antisocial

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<sup>8</sup> Patent No. US20160232752A1, [Gaming systems, gaming devices and methods for incrementing progressive jackpots](#)

<sup>9</sup> *ibid*

<sup>10</sup> Patent No. US20080113779A1, [Gaming system and method having progressive free games](#)

<sup>11</sup> Patent No. US20160240043A1, [System and Method for Remotely Controlling an Electronic Gaming Device from a Mobile Device](#)

<sup>12</sup> Patent No. US20160328926A1, [Electronic gaming device with turbo boost gaming functionality](#)

<sup>13</sup> *ibid*

<sup>14</sup> Patent No. US20160300435A1, [Dynamically Configurable Gaming Machine and Gaming System](#)

<sup>15</sup> Patent No. US20160148458A1, [Personal electronic device for gaming and bonus system](#)

<sup>16</sup> Productivity Commission, 2010, [Gambling Inquiry, vol 1](#), pp. 13-14

<sup>17</sup> *Ibid*, p. 16

<sup>18</sup> Thomas AC, Allen, FC, Phillips, J, 2009, [Electronic Gaming Machine Gambling: Measuring Motivation](#), p. 352.

<sup>19</sup> Biddle, D, Hawthorne, G, Forbes, D, Coman, G, 2005, [Problem gambling in Australian PTSD treatment-seeking veterans](#), p. 764.

<sup>20</sup> Lane, W, Sacco, P, Downton, K, Ludeman, E, Levy, L, Tracey, JK, 2016, [Child maltreatment and problem gambling: A systematic review](#)

<sup>21</sup> Raylu, N and Oei, TPS, 2003, [The Gambling Related Cognitions Scale \(GRCS\): development, confirmatory factor validation and psychometric properties](#), p. 766.

personality disorder and attention deficit disorder,<sup>22</sup> and people from low income backgrounds.<sup>23</sup>

A poll conducted by independent consultant Enterprise Marketing and Research Services (EMRS),<sup>24</sup> revealed that 84% of Tasmanians do not believe EGMs provide community benefits, and that only 9% believed they do. 50% of respondents believed poker machines should be removed entirely from pubs and clubs and a further 32% believed they should be reduced from current levels.

This is relatively consistent with the Productivity Commission findings in 2010, that 83% of Tasmanian's would prefer to see reduced EGM numbers in the State.<sup>25</sup>

Regrettably, these community voices have been ignored and the gambling industry has secured a massive, ultimately highly lucrative win in Tasmania.

One study has found EGM gambling in pubs and clubs was a stronger predictor of gambling addiction than EGM gambling in Casinos.<sup>26</sup> An explanation for this is the fact that alcohol use contributes to impaired control of EGM gambling behaviour. Consumption of alcohol has been found to both reduce the capacity of people to resist the urge to begin a session of gambling, as well as reduced capacity to end a session of gambling.<sup>27</sup>

This has serious implications for people who wish to control their gambling impulses, particularly in suburbs such as Glenorchy and places like Georgetown and Devonport with high proliferation of EGM venues.

EGMs are largely automated in Australia and the requirements of staff are quite limited. Unsurprisingly, the Greens have found that job searches on popular websites entirely yield pub and club positions with multiple responsibilities, in other words there are no positions advertised solely for the supervision or operation of EGMs. A similar point was made in the third Social and Economic Impact Study of Gambling in Tasmania.<sup>28</sup>

It is also worth highlighting that, in a macro-economic sense, removal of EGMs from pubs and clubs would have minimal impact. Removal of EGMs from pubs and clubs would fit closest to scenario 3 in the economic modelling done in the third Social and Economic Impact Study of Gambling in Tasmania. Scenario 3 looked at the economic impacts of halving problem gambling (including low risk, moderate risk and problem gamblers) and found only a modest impact.<sup>29</sup>

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<sup>22</sup> Blaszczyński, A and Nower, L, 2006, [A pathways model of problem and pathological gambling](#), p. 494.

<sup>23</sup> Rintoul, AC, Livingstone, C, Mellor, AP, Jolley, D, 2012, [Modelling vulnerability to gambling related harm: How disadvantage predicts gambling losses](#)

<sup>24</sup> Anglicare Tasmania 2016, [Tasmanians Want Change on Poker Machines](#)

<sup>25</sup> Productivity Commission, 2010, [Gambling Inquiry, vol 1](#), Table 14.2

<sup>26</sup> Clarke, D, Pulford, J, Bellringer, M, Abbott, M and Hodgins, DC, 2010, [An Exploratory Study of Problem Gambling on Casino Versus Non-casino Electronic Gaming Machines](#).

<sup>27</sup> Baron, E and Dickerson, M, 1999, [Alcohol Consumption and Self-Control of Gambling Behaviour](#), p. 13.

<sup>28</sup> Acil Allen Consulting 2014, [Third Social and Economic Impact Study of Gambling in Tasmania, Volume 1](#), p. 122.

<sup>29</sup> Acil Allen Consulting 2014, [Third Social and Economic Impact Study of Gambling in Tasmania, Volume 1](#), p. 131.

The impacts of removal of EGMs from pubs and clubs would likely be even more minimal given that EGM expenditure in pubs and clubs equate to 40%, rather than half, of gambling expenditure and that a certain degree of transfer to other gambling activities would likely take place.

**Recommendation 1: The bill be amended to prohibit electronic gaming machines (pokies) from pubs and clubs after the changeover day.**

### **Clause 5 – Section 2 of the proposed new Part 7 to Schedule 5**

Under section 2 of the proposed new Part 7 to Schedule 5, a licenced premises gaming licence holder may be allowed to acquire gambling equipment in the lead-up period.

There is no requirement that this licence holder has been granted a venue licence under the new regime prior to being allowed to purchase EGM equipment. This creates a risk that an assessment process for granting a venue licence will be pre-empted, or that the Commission may feel obliged to grant a venue licence if they have already approved the acquisition of equipment.

**Recommendation 2: This section should be amended to require a licence holder to have been granted a venue licence under section 5 of the proposed new Part 7 to Schedule 5 before they can be approved to acquire equipment.**

### **Clause 5 – Section 5 of the proposed new Part 7 to Schedule 5**

Under section 5 of the proposed new Part 7 to Schedule 5, it appears that any current licenced premises gaming operator will receive blanket exemptions to Section 38(1)(b) and section 38(2)(ba), (f) and (g). These exemptions are –

- The applicant's premises are suitable for the management and operation of gaming machines or for the conduct of keno, or both.
- The applicant has a legal right to occupy the premises which are the subject of the application.
- The size, layout and facilities of the applicant's premises are suitable.
- The proposed security arrangements are adequate.

It appears these exemptions apply to any venue the operator wishes to apply for, regardless of whether that venue is currently licenced for gaming.

No explanation for these rather extreme exemptions is provided in the supporting material.

**Recommendation 3: Subsection (4) should be deleted from section 5 of the proposed new Part 7 to Schedule 5.**

### **Clause 5 – Section 6 of the proposed new Part 7 to Schedule 5**

This section allows the Commission to refuse to grant a licenced premises' gaming licence if this would likely result in the total number of EGMs exceeding the 2350 limit on change overday. This should not be discretionary.

**Recommendation 4: Section 6 of the proposed new Part 7 to Schedule 5 should be amended to change 'may' to 'must'.**

### **Clauses 7, 8, 9, 10, 11, 12, 13, 14, 42 – Simulated racing events**

The decision to allow simulated racing events has not undergone any assessment, and appears to have been included solely at the behest of the industry.

The issue was not assessed by the *Joint Select Committee on Future Gaming Markets*, nor has it been examined by any of the five legally mandated *Social and Economic Impact Studies*, the Commission, or any review process at all.

Any decision to introduce new forms of gambling, particularly a form of gambling designed to induce continuous play, should only occur after a proper and rigorous assessment.

**Recommendation 5: Clauses 7, 8, 9, 11, 12 and 14 should be omitted from the bill in their entirety. Subsection (2) should be omitted from the proposed new section 76P in clause 10, paragraphs (a), (b), (c) and (d) should be omitted from clause 13, and subparagraph (ii) should be omitted from paragraph (a) of subsection (2) in the proposed new section 32 in clause 42.**

### **Clauses 16– Object of Act**

Paragraph (b) of the proposed new Object of Act reads –

*“protect consumers who are vulnerable from being –*

*(i) harmed by gambling; or*

*(ii) exploited by gaming operators”*

There are a number of problems with this Object.

Limiting the object to protect only vulnerable consumers is problematic – is it acceptable for non-vulnerable consumers to be harmed or exploited?

The term ‘consumer’ is also problematic, as it confers a responsibility only towards those who are in the process of gambling. This ignores irresponsible recruitment of non-gamblers (including former gamblers) who may be vulnerable.

Furthermore, paragraph (c) calls for sharing “returns from gambling... amongst the gaming industry, consumers and the State”. This provides no consideration for the purpose of the CSL.

**Recommendation 6:** Paragraph (b) of the proposed new section 2A in clause 16 should be amended by replacing “consumers who are vulnerable” with “people, and particularly people who may be vulnerable,”.

**Recommendation 7:** Paragraph (c) of the proposed new section 2A in clause 16 should be amended to read –

“(c) ensure that returns from gambling are –

- (i) shared appropriately amongst the gaming industry, venue patrons and the State; and
- (ii) invested in services that support those harmed by, or at risk of harm from, gambling.”

### **Clauses 17, 42, 71, 87, 90, 94, 95, 106, 113, 123, 125, 155, and 170 – FATG**

The introduction of FATG (or Fully-Automated Table Game) machines has, like simulated racing event machines, not undergone any sort of assessment.

The submission to the first stage by Communities Tasmania notes –

*“...the introduction of fully automated table games (FATGs) in Tasmanian casinos may potentially cause gambling harms. As FATGs do not require a dealer, the opportunities for appropriately trained staff to identify and address signs of problematic gambling behaviour amongst players are reduced. Additionally, the introduction of FATGs provides the*

*potential to increase the rate of play, thereby intensifying gambling engagement and increasing the potential for gambling harms.”*

These warnings, apparently, have thus far fallen on deaf ears.

It appears as though this is an industry request that has simply been fulfilled without proper assessment and contrary to the advice the Government has received from their own department.

Given that Federal Hotels' staff were used as political weapons by both Federal Hotels and members of the Hodgman Government in the debate around pokies, this is a deeply cynical move.

FATG machines will only serve to reduce labour costs and increase player expenditure. No doubt, this will be good for Federal Hotels' bottom line, but their workforce, and at-risk gamblers, will be literally poorer for it.

**Recommendation 8: Reference to FATG machines should be removed from the draft bill, specifically –**

- (a) Clause 106 should be repealed in its entirety.**
- (b) Paragraphs (f) and (p) should be deleted from clause 90.**
- (c) Paragraphs (b), (c), (e) and (f) should be deleted from clause 94.**
- (d) Paragraphs (a), (b) and (c) should be deleted from clause 95.**
- (e) Paragraphs (a) and (c) should be deleted from clause 125.**
- (f) Paragraphs (d), (g), (i), (zn), (zo), (zp), (zq), (zr) should be deleted from clause 17, and reference to FATG machines should be removed from paragraphs (l), (y) and (z).**
- (g) Reference to FATG machines should be removed from proposed new subsection (7) in paragraph (m) of clause 87.**
- (h) Paragraph (b) should be deleted from subsection (2) in proposed new section 32 in clause 42.**
- (i) Paragraph (a) should be deleted from subsection (1) in proposed new section 69B in clause 71.**
- (j) Paragraph (b) should be deleted from subsection (2) in proposed new section 32 in clause 42.**

- (k) Paragraph (a) should be deleted from proposed new subsection (11) in paragraph (f) of clause 113.**
- (l) Paragraph (e) should be deleted from subsection (1) in proposed new section 112PA in clause 42.**
- (m) Subsection (5) should be deleted from proposed new section 150AI in clause 155.**
- (n) Proposed new paragraph (na) should be deleted from paragraph (e) of clause 170.**

### **Clauses 21, 25, 30 and 37– General Casino and Keno Operator’s Licences**

The proposed new section 13B in clause 21 requires a general casino licence be granted to the holder of an existing casino licence.

Similarly, the proposed new section 13D, and clause 4 will gift Federal Group with a keno monopoly. No sound argument has been made for favouring Federal Group, again, in such a way.

The initial granting of the monopoly Deed to Federal Group was a dubious process that provided a pittance of a return to the State compared to arrangements in other jurisdictions.

Federal Group have profited obscenely from this arrangement, at significant human cost, and there is no obligation to provide them with preferential treatment when it comes to the issuing of a general casino licence or a Keno operation licence.

Furthermore, this proposed new section makes no requirement for public consultation, and further entrenches a monopoly by allowing a casino operator to hold more than one licence.

Clause 30 allows for the Minister to call for applications for a casino licence (or keno operator’s licence) if they are satisfied it is in the public interest to do so.

Decades of experience in Tasmania shows that the industry has bought and bullied Liberal and Labor governments and oppositions to get its way and secure its profit. It is not appropriate or desirable for this to be a Ministerial decision.

The current Minister has ignored advice from Communities Tasmania about the harms this legislation would entrench.

On the evidence, the bottom line is, the Liberal and Labor parties wouldn't know what the public interest was if it slapped them in the face.

In order to prevent gambling monopolies, we are also of the view that the holder of a general casino licence should be excluded from possessing a gaming machine authority

**Recommendation 9:** subsection (2) should be omitted from the proposed new section 13B in clause 21. Furthermore, subsection (5) should be amended to only allow a casino operator to hold one licence, and subsection (4) should be amended to require the Commission to undergo a public consultation process on the conditions attached to a general casino licence.

**Recommendation 10:** proposed new section 22 in clause 30 should be redrafted to require that a public consultation process occur to determine if calls for a casino licence or keno operator's licence should be issued, and that the Minister can only proceed if the Commission recommends that it is in the public interest to do so.

**Recommendation 11:** subsection (2) should be omitted from the proposed new section 13D in clause 21. Furthermore, subsection (4) should be amended to require the Commission to undergo a public consultation process on the conditions attached to a keno operator's licence.

**Recommendation 12:** proposed new section 16A in clause 25 should be amended to allow the Commission to refuse to consider the application on a broader range of grounds, including past conduct of the licence holder, and if the Commission is of the view that it is in the public interest to do so.

**Recommendation 13:** clause 37 should be deleted from the bill.

**Recommendation 14:** the bill should be amended to prohibit the licence holder of a general casino licence from possessing a gaming machine authority on a venue licence.

### Clause 21– High-Roller Casino

The proposed new section 13C in clause 21 allows for both a Northern and Southern high-roller casino. The NSW inquiry into the casino operator Crown has highlighted the money-laundering risks associated with high-roller casinos.

High-roller casinos will be a new experience for Tasmania. On this basis, we believe that the introduction of a single high-roller casino only would be a prudent precautionary approach.

**Recommendation 15:** The proposed new section 13C in clause 21 should be amended to allow for a single high-roller casino.

### Clause 60 – Monitoring Operator

The fact sheet for monitoring operators indicates it is the Gutwein Government's intention that the monitoring operator "may be prevented from performing some of the market-based functions [under the Act] (eg. sale or supply of EGMs to venues)".

The proposed new section 48F in clause 60 allows for the regulations to prescribe licences which the monitoring operator is barred from holding. We are of the view that the monitoring operator should be entirely independent from the rest of the industry.

**Recommendation 16:** subsection (3) in proposed new section 48F in clause 60 should be amended to replace "prescribed licence" with "licence or authority under this act".

**Recommendation 17:** subsection (2) in proposed new section 48J in clause 60 should be amended to include a new paragraph (j) which reads "the applicant and each associate of the applicant has suitable independence from other Tasmanian gambling industry participants".

### Clause 130 – Warning Notices

Clause 130 removes section 121 of the Act which requires warning notices in restricted gaming areas. The fact sheet says that these will be included in regulations. Like harm minimisation measures more broadly, this provision is too important to trust to future regulations.

**Recommendation 18:** clause 130 should be redrafted to amend section 121, rather than repeal it, and allow for further details to be prescribed in regulations.

## Clause 132 – Minister able to direct Commission

Clause 132 amends section 127 to allow the Minister to direct the Commission in relation to the endorsement of gaming machine authorities. No rationale has been provided for this over-reach.

Given the past history and future potential for corruption, we do not support this extension of ministerial powers.

**Recommendation 19:** clause 132 should be deleted from the bill.

## Clauses 150 and 155 – Taxation Rates

The tax rates set by this Bill were not determined on a transparent basis, and were withheld from the Tasmanian people during the 2021 State Election. Given the industry's significant expenditure on political donations to the Liberals, and the similarity between the tax rates in the Bill and the industry's tax rate proposal, we believe the development of these rates has not reflected the interests of the community.

This is the Federal Group and the broader gambling industry's Return on Investment from 2018.

Tasmanian will lose millions in revenue that could be invested in health, education, housing and other essential services as a result of these tax gifts to the gambling industry.

**Recommendation 20:** clauses 150 and 155 should be revised following a public and transparent assessment of tax rates, examining other jurisdictions, industry profits, and costs to the community from problem gambling.

## Clause 155 – Social and Economic Impact Study

The Social and Economic Impact Study (SEIS) is a critical tool for assessing the impacts of gambling in Tasmania.

Given the new framework being proposed in this Bill, the Greens believe it would be prudent to expand the independent SEIS to include a review of the compliance with, operation of, and effectiveness of the Act.

**Recommendation 21:** clauses 155 should be amended to expand the SEIS to include a review of the compliance with, operation of, and effectiveness of the Act.

Obviously, we do not support the Future Gaming Market policy as we recognise it will lead to loss of income for low income Tasmanians, suicide, homelessness, poor mental health and addiction, neglect of children and family breakdown.

In its current form, the amendment Bill will perpetuate inter-generational disadvantage, in perpetuity. This will be the Tasmanian Liberals darkest and most socially damaging political legacy.

Yours sincerely,



**Cassy O'Connor MP**  
Tasmanian Greens Leader  
Member for Clark