



Submission to

Senate Joint Committee on
Gambling Reform
Inquiry into a
Pre-commitments scheme

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Checklist for a national pre-commitment scheme for electronic gaming machine venues

The core elements of our preferred pre-commitment model are:

1. Reach

All machines in each Australian jurisdiction must be set up so that a single agreed pre-commitment device is used to activate any EGM in that jurisdiction. Pre-commitment needs to be mandatory for all venues with one mode of operation that is seamless for the customer.

2. Compulsion

Essential for all gamblers to have a data storage device (eg card, tag, usb) to play on poker machines at any venue in any jurisdiction, high order 'details'

- a. session default limit set at the average session spend across the jurisdiction
- b. customers can reduce their limits at any time, effective immediately, and until changed subsequently.
- c. Gamblers using pre-commitment device can opt out of a limit, or increase their session limit a minimum of 24 hours before commencing a session. Their session limit returns to default level immediately after any 'over the default limit' session

3. Consequences of exceeding limit

A combination of responses is required.

A personal approach by a venue staff member is essential for all patrons who exceed their limit (the Adelaide Casino Host Responsibility Coordinator model provides a good example). Safe mode may be appropriate for some patrons who exceed their limit, however further research on the consequences of reaching a limit is recommended.

4. Controls

The following 'controls' are a required minimum set:

- Player Statements to be readily available on request by gambler
- Player statements should be sent to gamblers on a regular basis. Option of sending player statements to a third-party also important

High priority needs also to be given to further research that is investigating the capacity of software algorithms to detect an increase in the riskiness of a gambler's play, from changes in their approach to play during a session.

5. Information and disclosure

De-personalised data from pre-commitment programs must be centrally collated and managed for both evaluation and research purposes

Further information about our preferred model for a pre-commitment scheme is provided from p.18 of this submission.

Management of pre-commitment in our federated system

State and Territory governments will implement their own pre-commitment systems. A national "pre-commitment regulator" is needed to oversee the development of pre-commitment programs across Australia, evaluate effectiveness, manage data, information and disclosure and oversee relevant research and maybe, trials. This body would be best placed within the Commonwealth, given the necessity of national reach.

Link to loyalty programs

Pre-commitment is about ensuring that customers can limit their gambling spending, loyalty programs are about increasing spending in venues. The two aren't compatible, and should be provided separately.

Other issues

Two specific Productivity Commission recommendations are considered to be important to implement, initially, alongside pre-commitment:

1. All EGMs should be limited to a \$1 bet
2. ATM withdrawal limits to apply to all gambling venues

Why listen to UnitingCare Australia?

UnitingCare Australia is the Uniting Church's national body supporting community services and advocacy for children, young people families, people with disabilities and older people. The UnitingCare network of social services work in 1300 locations, employ 35,000 staff, are supported by 24,000 volunteers and provide services to 2 million Australians each year.

UnitingCare services provide specialised problem gambling services and also work closely with people affected by problem gambling in urban, regional, rural and remote communities via programs that deliver emergency relief, financial counselling, prisoner support, mental health, relationship, youth, family support and homelessness services. A significant demand for these services is driven by the impacts of problem gambling.

People and organisations working under the auspices of the Uniting Church in Australia, participate in state-based gambling advisory groups and in the Inter-Church Gambling Taskforces in Victoria and South Australia, and are recognised as experts in the field of problem gambling. The UnitingCare and Uniting Justice networks resource researchers, policy advocates and community activists who work in partnership with others organisations to reduce the negative impacts of gambling on people and communities.

Executive Summary

This submission complements the verbal submissions provided to the Senate Inquiry in February 2011. It brings together analysis and commentary from previous submissions to the 2009-2010 Productivity Commission Report Gambling and from more recent reviews of the evidence about gambling expenditure pre-commitment schemes.

A core role of government is to both legislate and regulate for consumer protection. This approach is widely accepted in industries from food to housing, clothing, energy, telecommunications, finance, contracting and indeed just about every area of human activity. This inquiry is about applying this consumer protection approach, for all citizens, to the activity of gambling, with specific focus on poker machine (Electronic Gaming Machine, EGM) gambling, as this is the gambling activity producing the greatest level of harm, as observed by gambling help services.

The Productivity Commission's 2010 report on gambling focussed on two important overarching principles:

1. Consumer protection
2. Relevance of public health approach to gambling policy and regulation.

This approach is strongly supported, as are all recommendations from the June 2010 report, other than recommendation 15.1 which recommends a liberalisation of on-line and interactive gambling.

The introduction of a universal pre-commitment system for Australian gambling consumers is strongly supported as part of a suite of measures to make gambling a safer activity for consumers.

Pre-commitment trials to date have demonstrated that:

- Regular EGM players are highly mobile and why jurisdiction wide pre-commitment programs must be mandated
- Gamblers are unlikely to sign up to a card type pre-commitment program unprompted
- The less pre-commitment options for gamblers, the better.
- Information / education alone is not enough to be effective.
- Existing technology is able to deliver almost any conceivable pre-commitment option or combination of measures
- cost of implementing a workable pre-commitment program can be minimal
- a significant number of poker machine patrons are already using a card as part of their play, namely loyalty cards.

Designing for Pre-commitment

Using the base criteria outlined by the Productivity Commission, we suggest that there are two significant aspects of pre-commitment program design that need to be brought together. These two aspects we summarise as:

- elements of pre-commitment
- extent of mandating

The Productivity Commission has identified 5 elements of pre-commitment programs, as shown in Figure 10.1 of their report, reproduced as figure 2 below. The five elements being:

- Reach
- Compulsion
- Consequences of exceeding limits
- Controls

- Information and disclosure

We have summarised three 'extent of mandating' elements for each 'element':

- Mandatory
- Nudge (opt –out)
- Opt In

Background

UnitingCare Australia represents the UnitingCare services that provide specialised problem gambling services across Australia, and work closely with people affected by problem gambling in urban, regional, rural and remote communities in programs that deliver emergency relief, financial counselling, prisoner support, mental health, relationship, youth, family support and homelessness services.

The UnitingCare network of services across Australia commended the Productivity Commission on their Gambling draft report and believes strongly that implementation of the recommendations will lead to a significant reduction in gambling harm with associated substantial individual, family and community benefit across Australia. UnitingCare Australia supported the focus of the Report on:

- Strengthening services for problem gamblers, self-help tools, pre-commitment and exclusion systems;
- Strengthening gaming machine standards and making these consistent across jurisdictions;
- Introducing a shutdown period for gaming machines in all hotels and clubs that starts earlier and is of longer duration; and
- Placing greater emphasis on education and harm reduction campaigns that highlight potential future losses, make the community aware of behaviours indicative of problem gambling and encourage earlier help seeking.”

Context for Gambling Policy in Australia - 2011

In the days after volcano Eyjafjallajökull erupted in Iceland, from 15th April 2010, sending a plume of ash into the atmosphere, British and some other European airspace was closed down for the first time since the September 11, 2001 attacks on New York. An Australian business man was in Heathrow airport and getting very frustrated at the unwillingness of British Authorities to permit the resumption of commercial flights. He said to a colleague, “look, if the risk of a crash was one in a thousand, I’d get on a plane.” The facts of the matter are that, on average, about 28,000 daily flights are handled daily over Europe. In 2008, a total of 10,181,463 flights were handled, with a peak daily record at 34,476 flights on Friday 27 June 2008¹. One wonders if he would have been as willing to fly at a thousand to one risk of a crash if he knew that, at those odds, 28 planes per day would crash in Europe. (In the USA there are about 87,000 daily² flights, while Australian air traffic control manages about 4 million flights a day, an average of over 10,000 daily flights³).

The volume of air travel and the catastrophic consequences of a mistake means that the entire system needs to operate on an exceedingly low risk basis, despite the considerable advantages that accrue economically and recreationally from air travel.

Of course, the balancing of risk and benefit is not unique to the airline industry. In Australia there is a range of dedicated agencies who are responsible for balancing consumer risk and benefit. For example:

1. The Therapeutic Goods Administration (TGA) carries out a range of assessment and monitoring activities to ensure therapeutic goods available in Australia are of an

¹ http://www.eurocontrol.int/corporate/public/faq/about_us_faq.html#qa12

² http://wiki.answers.com/Q/How_many_Flights_daily_in_US#ixzz1Bi7weXET

³ <http://www.airservicesaustralia.com/>

acceptable standard with the aim of ensuring that the Australian community has access, within a reasonable time, to therapeutic advances.

The Australian community expects that medicines and medical devices in the marketplace are safe and of high quality, and of a standard at least equal to that of comparable countries. The objective of the Therapeutic Goods Act 1989, which came into effect on 15 February 1991, is to provide a national framework for the regulation of therapeutic goods in Australia to ensure the quality, safety and efficacy of medicines and ensure the quality, safety and performance of medical devices.

The regulatory framework is based on a risk management approach designed to ensure public health and safety, while at the same time freeing industry from any unnecessary regulatory burden.

Essentially therapeutic goods must be entered on the Australian Register of Therapeutic Goods (ARTG) before they can be supplied in Australia. The ARTG is a computer database of information about therapeutic goods for human use approved for supply in, or exported from, Australia.

The Therapeutic Goods Act 1989, Regulations and Orders set out the requirements for inclusion of therapeutic goods in the ARTG, including advertising, labelling, product appearance and appeal guidelines. Some provisions such as the scheduling of substances and the safe storage of therapeutic goods, are covered by the relevant State or Territory legislation.

The TGA carries out a range of assessment and monitoring activities to ensure therapeutic goods available in Australia are of an acceptable standard. At the same time the TGA aims to ensure that the Australian community has access, within a reasonable time, to therapeutic advances.⁴

2. Food Standards, Australia and New Zealand, FSANZ, and other government agencies in Australia and New Zealand monitor the food supply to ensure that it is safe, and that foods comply with standards for microbiological contaminants, pesticide residue limits and chemical contamination.

FSANZ has a Bi-National Surveillance and Enforcement Strategy which allows food/health agencies in Australia and New Zealand to discuss and share information about monitoring and surveillance of the food chain in Australia and New Zealand. FSANZ acts as the central point for collection of Food surveillance data from public health units in Australia and New Zealand. This data includes the results of general compliance testing, and specially targeted surveys conducted in the various jurisdictions.⁵

3. Standards Australia. Standards Australia is the nation's peak non-government Standards organisation. It is charged by the Commonwealth Government to meet Australia's need for contemporary, internationally aligned Standards and related services.

The work of Standards Australia enhances the nation's economic efficiency, international competitiveness and contributes to community demand for a safe and sustainable environment. It leads and promotes a respected and unbiased Standards development process ensuring all competing interests are heard, their points of view considered and consensus reached. Standards Australia also recognises, rewards and promotes excellence in design and innovation through the Australian International Design Awards program and other design promotion initiatives.

⁴ <http://www.tga.gov.au/docs/html/tga/tgaginfo.htm>

⁵ <http://www.foodstandards.gov.au/scienceandeducation/monitoringandsurveillance/foodsurveillance/>

Four keys areas of focus:

1. National and International Standards Information and Coordination. Standards Australia is the central point for government, industry and the community to find information about non-government consensus Standards in Australia and around the world, and how to participate in their development.
2. Accreditation of Standards Development Organisations. Standards Australia supports the accreditation of other Standards Development Organisations through the Accreditation Board for Standards Development Organisations (ABSDO). This highly autonomous body independently assesses and approves other organisations such as industry associations to develop Australian Standards.
3. Standards Development. A range of development pathways is offered to stakeholders looking to develop new or update existing Standards.
4. Design Assessment and Promotion. Standards Australia operates one of the world's leading design assessment programs through its Australian International Design Awards (AIDA). With more than 50 years of benchmarking excellence in design and innovation, the AIDA is charged with fostering a culture of design and innovation in Australia.⁶

We have commenced this submission with a story about managing risk and benefit and have provided a couple of examples of well-established process for the management of risk and benefit for consumers, in areas of high consumer benefit; travel, pharmaceuticals and food, to establish the fact that Australia has a broad range of well-established standards and regulatory processes to assist consumers to stay safe.

Gambling, in general, has been introduced into Australian jurisdictions as a leisure activity, but pressure to extend and deregulate gambling has been driven by fiscal and political pressures. Certainly no gambling activity has been introduced as a result of a considered, evidence based consumer and social impact analysis. Over the past decade or so, there has been movement to introduce consumer protection measures into an activity that has been lightly regulated, except for the focus of keeping organised crime out of Australian gambling. This historical approach has contributed to high levels of gambling harm, at individual, family and community. The context of both Productivity Commission reports on gambling, and this inquiry process, has therefore been about improving consumer protection in the face of considerable social and personal cost from problematic gambling behaviours, in an established industry.

The historical perspective on the introduction of gambling and regulation into terrestrial gambling in Australia is significant. We observe that internationally, nations that have introduced and regulated gambling more recently have taken very different approaches to that taken historically by Australia and nations like the United States, that introduced gambling legislation and regulation sometime ago. We note that the government of South Korea, in response to pressure from international casino operator, has licensed 16 casinos in South Korea, but only one of these is accessible by South Korean citizens and there are strict controls to keep casino based problem gambling out of South Korea. Similarly Singapore has recently licensed two new casinos and has also accepted the industry argument that they are tourist destinations and has legislated that local Singapore citizens must pay \$100US to enter a casino, an entry charge that is prohibitive for most residents of Singapore and therefore serves, quite effectively, to keep them out of the casinos, and the government would argue, out of gambling harm.

⁶ <http://www.standards.org.au/OurOrganisation/Aboutus.aspx>

We suggest that if Australia was to legislate now for gambling activities, including poker machines, there would be much stronger consumer protection measures applied, than has been the case in the past. Pre-commitment and other consumer protection measures currently under consideration must be regarded as necessary steps to increase past government failure in not providing adequate consumer protection.

We state unequivocally that a core role of government is to both legislate and regulate for consumer protection. This approach is widely accepted in industries from food to housing, clothing, energy, telecommunications, finance, contracting, indeed just about every area of human activity. This inquiry is about applying this consumer protection approach, for all citizens, to the activity of gambling, with specific focus on poker machine (electronic gaming machine, EGM) gambling, as this is the gambling activity producing the greatest level of harm, as observed by gambling help services, and as evidenced by the Productivity Commission in their 2010 report on gambling⁷

⁷ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra

Commentary on Terms of Reference

We focus on the first two aspects of the terms of reference, terms a i) and a ii)

a) Inquire into and report on:

i) The Productivity Commission report on gambling, released in June 2010, including a national response to the full set of its recommendations;

The Productivity Commission's report was predicated, by our reading of it, on two important overarching principles:

1. consumer protection
2. relevance of public health approach to gambling policy and regulation.

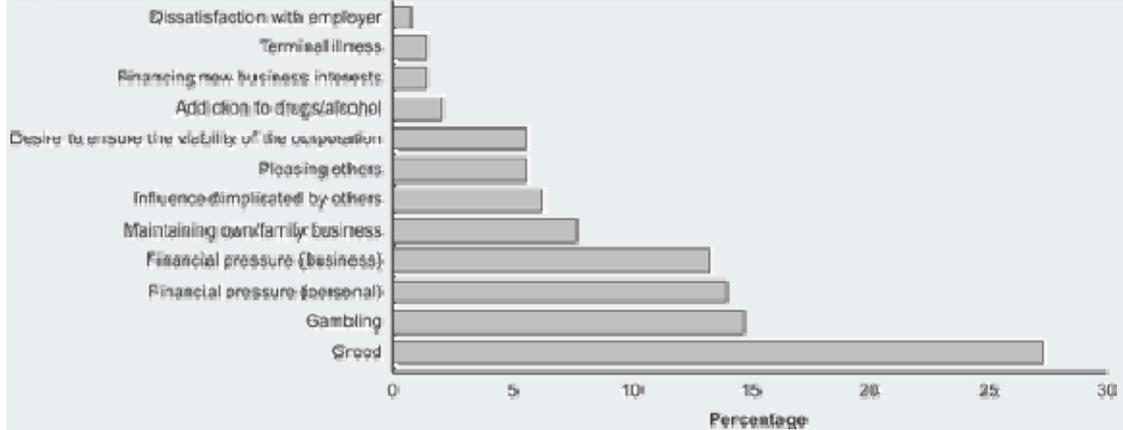
The importance of taking a consumer protection approach to gambling policy, as with any other consumer good or service, was considered in section 2 of this submission. We reinforce this perspective by highlighting that gambling, particularly EGM gambling, is a harmful activity.

- The Productivity Commission reported that about 115,000 people across Australia are categorised as having a 'gambling problem' and an additional approx 280,000 people regarded as being 'at risk.
- The Commission also reported that about \$10.5 billion was spent on poker machines in 2008-9 and that about 40% of gambling expenditure is contributed by people with gambling problems. This indicates that the about \$4.2 billion was spent in 2008-9 by people with a gambling problem associated with poker machines. If this \$4.2b is considered to come from problem gamblers and people at risk, then the average annual spend from this group of 395,000 people is about \$10,600 per person. If the entire loss comes from 115,000 problem gamblers only, then average annual spend per problem gambler would be \$36,500. The reality is going to be somewhere within this range.
- Studies by Derbyshire, Carrig and Oster (published in 1999 and 2001) that looked at gambling and impacts in families concluded that for every person with a gambling problem, a child was adversely affected. Often, children blamed themselves for their parent's gambling and regularly experienced being ignored in favour of gambling. Left unchecked, these behaviours can have life long, adverse impacts on the children of people with problematic gambling behaviours.
- Gambling has a significant impact on criminal activity. A study by Jackson et al. (1997) on illegal activity among 1,452 pathological gamblers who were undergoing counselling found that 30 per cent of the subjects admitted that they had been involved in gambling-related illegal acts. In another study, Blaszczyński & McConaghy (1994) conducted semi-structured interviews with 306 problem gamblers in New South Wales who were attending Gamblers Anonymous or had been admitted to hospital for inpatient treatment. Nearly 60 per cent admitted having committed a gambling-related offence (most commonly theft, embezzlement or misappropriation), and almost one-quarter reported that they had been convicted.

The Australian Institute of Criminology and Price Waterhouse Coopers (2003) examined a sample of "serious fraud"¹ prosecutions heard in 1998 and 1999 in Australia and New Zealand.

As shown in [Figure 1](#), the study found that gambling (14.7 per cent) was the second most frequently identified motivation of convicted offenders after greed (27.3 per cent).

• **Figure 1 : Primary motivation of convicted offenders**



Note: Information on motivation was available in respect of 143 out of the 183 convicted offenders.

Source: Australian Institute of Criminology and PricewaterhouseCoopers (2003).

Of the 21 convicted offenders (in 20 files) whose primary motivation for fraud was gambling, the vast majority (86 per cent) spent the proceeds of their crime on gambling itself. The most common types of offence committed by the gambling-motivated fraudsters were "obtaining finance or credit by deception" and "cheque fraud" (43 per cent each), followed by "misappropriation of funds in the private sector" and "obtaining goods and services by deception" (19 per cent each).⁸

- These observations are consistent with observations from a gambling help services. Surveys of Relationships Australia and UnitingCare Wesley Adelaide gambling help service clients in SA in about 2004-5 found that about 70% of clients admitted to theft, about 20% had even contemplated or attempted suicide, and housing problems and mental health conditions were higher than for the population as a whole.

We highlight a selection of indicators that point to the problems for individuals and the broader society that is associated with gambling, and particularly problematic gaming behaviour, in order to indicate the importance of the consumer protection approach to gambling public policy taken by the Productivity Commission.

Secondly, the overriding approach the Commission suggested was associated with a public health approach to gambling policy, rather than an exclusively treatment approach to dealing with the range of harms associated with gambling.

Widely respected academics Korn and Shaffer⁹ wrote:

“Unlike narrower clinical models of gambling, a public health perspective addresses all levels of prevention as well as treatment and rehabilitation issues. It promotes the welfare of individuals by fostering health, strong and safe families, communities and workplaces. It views the individual within a social milieu and explores the influences of culture, family, and community values on behaviour. It looks not only at the behaviour of individuals but an organisational and political behaviour. ...

⁸ Trends & Issues in Crime and Criminal Justice

Yuka Sakurai and Russell G Smith, ISBN 0 642 53806 9 ; ISSN 0817-8542, June 2003

⁹ Korn, D and Shaffer, H (1999). Gambling and the health of the public; .being a public health perspective. General of gambling studies, 15:4 289-365

A public-health advantage point encourages the application of a conceptual continuum to the range of risk, resiliency and protective factors that can influence the development and maintenance of gambling related problems. Public-health perspective also offers an integrated dynamic approach that emphasises a ‘systems view’ rather than a primary focus solely on individuals or isolated events” (pg 306.)

We note that the New Zealand government has applied a public health approach to gambling and locates the gambling portfolio within the Health Ministry. We regard this approach as most effective in reducing the risk and extent of gambling harm as well as building resilience in individuals, families and communities.

UnitingCare Australia supports promotion by the Commission of the use of a public health approach to gambling, and particularly to focus on building resilience in individuals and families, and enhancing the capacity of industry and the community to recognise and reduce risks associated with gambling

The public health approach has been put into diagrammatic form by Canadians Korn and Shaffer, and is reproduced below as figure 2.

The Korn and Shaffer ‘Public Health Framework for Gambling’ 1999

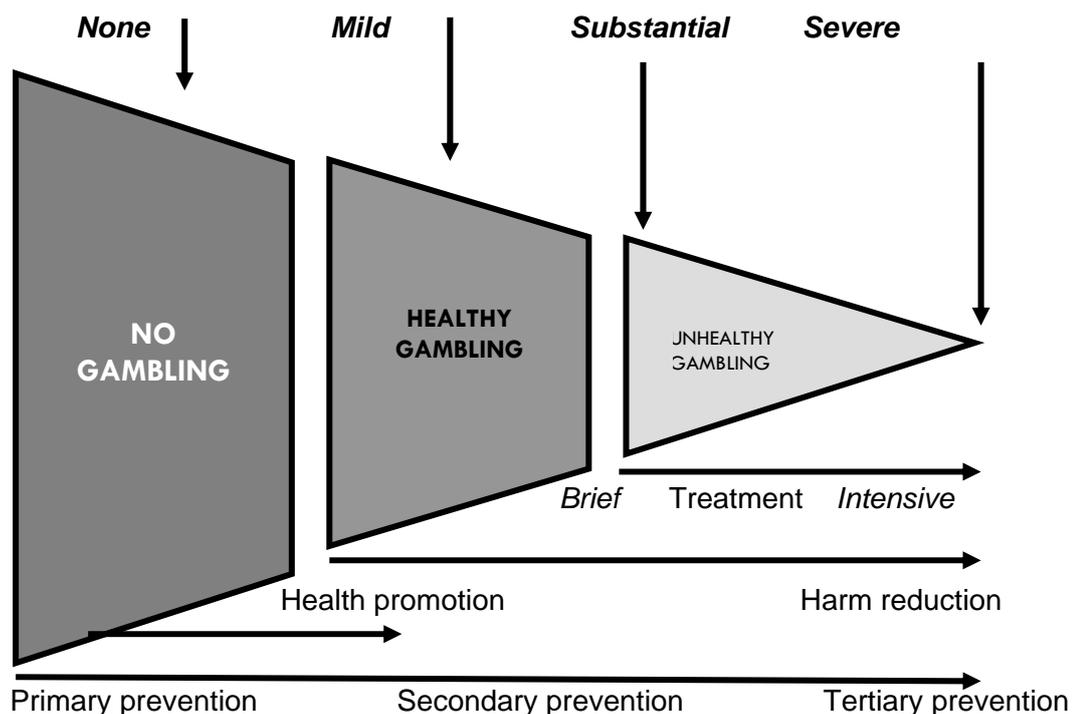


Figure 2

These two approaches are of crucial importance when considering the place of approaches to pre-commitment policies and practice, the issue that is central to the current inquiry.

The UnitingCare network is generally supportive of the direction and specific recommendations made by the Productivity Commission, including the emphasis given to establishing a pre-commitment program for all Australian EGM gamblers. We also recognise that the Commission made a number of recommendations that, in combination, would make gambling a safer activity for Australian citizens. Pre-commitment is a part, but not the only part, of effective consumer protection for Australian gamblers.

Our main area of concern regarding Productivity Commission recommendations relates to their recommendations to liberalise online and interactive gambling.

Recommendation 15.1

in consultation with the State and Territory governments, the Australian government shall amend the interactive gambling act to permit the supply of online poker card games to.

Online poker, along with other gambling forms currently exempted from the interactive gambling act, should be subject to a regulatory regime that mandates:

- strict probity standards
- high standards of harm minimisation, including:
 - prominent display information on account activity, as whether as information on problem gambling and links to problem gambling support
 - automated warnings of potentially harmful patterns of play
 - the ability to pre-commit to a certain level of gambling expenditure, with default settings applied to new accounts, and the ability for gamblers to set no limit on their spending as one of the system options (with periodic checking that this remains their preference)
 - the ability to self excluded

the Australian government shall monitor the effectiveness of these harm minimisation measures, as well as the performance of the regulator overseeing the National regulatory regime. The Australian government should also evaluate whether:

- the provision of online poker card games should continue to be permitted
- liberalisation should be extended to other online gaming forms

We are deeply concerned that any liberalisation of on-line gambling will be interpreted by the industry as giving legitimacy to on-line gambling that will translate into aggressive marketing, with scant attention being given, in practice, to impacts on vulnerable people or on consumer protection, creating significant harm with the added disadvantage of being very difficult to identify, since there is no public aspect to on-line gambling.

a) Inquire into and report on:

ii) The design and implementation of a best practice full pre-commitment scheme – that is uniform across all States and Territories and machines - consistent with the recommendations and findings of the Productivity Commission;

We respond to this term of reference, in many ways the central term of reference, in four sections:

1. Background to pre-commitment
2. Preferred model for pre-commitment
3. Governance and responsibility for pre-commitment
4. Consumer redress

1. Background to Pre-commitment

In addressing the Productivity Commission regarding it's draft report on gambling, Uniting Care Australia said

"UnitingCare agencies are strongly supportive of the report's recommendations for a universal pre-commitment scheme to be in place by 2016.

We are convinced by research that shows that the greater the time gap between a customer's decision to pre-commit to a spending level and the actual expenditure, the greater the likelihood that the customer will stick to their pre-determined spending limit. This is particularly important for a gambling product that is highly risky for some customers and has components that encourage continued spending once spending has commenced.

Pre-commitment for gambling, particularly via Electronic Gaming Machines (EGMs), is a measure consistent with a public health approach to responding to the risks of harms associated with gambling. Pre-commitment measures have limited impact on participation in non-harmful recreational gambling, have been shown to reduce the transition from recreational gambling to problem gambling, and to assist people who have experienced problem gambling to reduce their losses."

The Purpose of Gambling Pre-commitment

The crucial question to be considered when contemplating approaches to pre-commitment is the purpose of the approach.

We state that the purpose of gambling pre-commitment is to improve consumer protections and consequently to both reduce gambling harm and reduce the risk of patrons 'sliding' to the right on the Korn, Schaeffer continuum, toward greater harm.

The Productivity Commission report states that about 600,000 people Australia wide play the pokies at least weekly, about 4% of the adult population. About 15% of these regular players have a gambling problem and at least another 15% of regular players are at risk of gambling problems, so nearly a third of regular (weekly) pokies players are at risk or have a gambling problem. They also report "Based on available survey data, there are between 80, 000 and 160, 000 Australian adults suffering significant problems from their gambling (0.5 to 1.0 per cent of adults), with a further 230, 000 to 350,000 experiencing moderate risks that may make them vulnerable to problem gambling (1.4 to 2.1 per cent of adults)." We suggest that problem gambling rates may be understated due to a change in the use of screens to measure levels of problem gambling, from South Oaks Gambling Screen (SOGS) to Canadian Problem Gambling Index (CPGI). It is suggested that the CPGI can understate actual levels of problematic gambling behaviour

A very helpful context in which to consider gambling harm reduction is a 'public health approach' which focuses on reducing the potential for (future) harm for gamblers at every level of the gambling risk continuum.

There are very few approaches to harm reduction that work at each of primary, secondary and tertiary prevention levels. Pre-commitment is an approach that does operate at each of these levels which is a reason for it being such a valuable approach to consumer protection and associated reduction in gambling harm. Pre-commitment has relevance to all gamblers.

Pre-commitment is not primarily targeted to gamblers exhibiting problem behaviour, it applies a public health approach to reduce movement to harm across the gambling risk continuum. Pre-commitment programs should also be designed in a manner which will positively impact on redressing harm for people with problem gambling behaviours.

The principles of pre-commitment, as applied to gambling, are predicated on broader (than gambling) retail experience regarding customer behaviour, which shows that customers to make a firm commitment to a spending budgets prior to commencing their spending, have a much higher likelihood of keeping their budgets, and customers who do not have a predetermined budget. Further, the greater the time between establishing a budget and the actual act of spending, the greater the likelihood that the budget will be adhered to. Supermarkets therefore, structure their presentation of goods to encourage spontaneous (unplanned or unbudgeted) purchases, by putting -is more likely to be subject to

discretionary and impulse purchase, at eye level, and close to checkouts where customers are likely to wait in queue, awaiting their turn at the checkout.

2. Preferred model for pre-commitment

What the Productivity Commission Recommended

RECOMMENDATION 10.4

Each state and territory government should implement a jurisdictionally-based full pre-commitment system for gaming machines by 2016, subject to initial development (recommendation 19.1), trialling (recommendation 19.2) and compatible monitoring systems (recommendation 10.6). This system should:

- provide a means by which players could voluntarily set personally-defined pre-commitments and, at a minimum, a spending limit, without subsequently being able to revoke these in the set period*
- allow players to see their transaction history*
- encourage gamblers to play within safe spending and time limits, by specifying default limits*
- include the option for gamblers to set no limit on their spending as one of the system options, but with periodic checking that this remains their preference*
- allow occasional gamblers to stake small amounts outside the system*
- include measures to avoid identity fraud*
- ensure players' privacy*
- be simple for gamblers to understand and use*
- present few obstacles to future innovation in the presentation and design of the system*
- apply to all gaming machines in all venues in a jurisdiction, with an exemption until 2018 for venues with less than ten machines that also face significant implementation costs relative to revenue.*

The final features of the pre-commitment system should be determined following trials (recommendation 19.2).

RECOMMENDATION 10.5

In advance of implementation of full pre-commitment, state and territory governments should implement a partial pre-commitment system by 2013, where they have compatible gaming machine monitoring systems and associated gaming machines, or other low cost ways of delivering such pre-commitment.

Such a partial pre-commitment system should allow players to set spending limits in all venues within a jurisdiction, and to see their transaction histories, but with:

- _ enrolment in the system being voluntary, so that there would be no requirement that people have a card or identification device*
- _ strict protection of players' privacy*
- _ no requirement for those who are enrolled to set limits*
- _ only those who are enrolled in the system able to earn loyalty points*
- _ those who are enrolled able to revoke any limits by playing without a player card or other player identification device*
- _ machine-based warnings when limits are reached (and a temporary incapacity to cash in, or earn further, loyalty bonuses)*
- _ an exemption for venues with less than ten machines that also face significant implementation costs relative to revenue.*

The system should be:

- _ designed to be compatible with the future introduction of full pre-commitment*

_ evaluated in real-time and base line data collected to assess its impacts.

RECOMMENDATION 10.6

By 2016, all jurisdictions should have central monitoring or other systems that can deliver full pre-commitment to all venues and can make remote changes to all gaming machines.

These three recommendations are strongly supported by UnitingCare Australia.

What have we learned about pre-commitment?

To expand on our support for these recommendations, we now consider lessons to date about pre-commitment, to also help inform the critical question of how a scheme can best be developed and implemented. The Productivity Commission highlights the importance of trials about aspects of pre-commitment. There is a reasonable body of evidence in place already with trials of various pre-commitment options in Queensland and South Australia. UnitingCare Wesley Adelaide has closely observed the World Smart trial in Adelaide, through participation with the Minister's Responsible Gambling Working Party that was evaluated by Sarah Hare¹⁰, and makes the following observations about lessons from the trial, in particular, for an Australian pre-commitment program.

Trials to date have demonstrated that:

- Regular EGM players are highly mobile, most playing in a number of venues. This is why jurisdiction wide pre-commitment programs must be mandated, venue or hotel / club group specific loyalty programs simply will not have the reach, particularly for regular EGM players to enable pre-commitment to be effective
- Gamblers are unlikely to sign up to a card/tag/usb type pre-commitment program unprompted. Even with the prompting from venues, EGM players are unlikely to sign up for a pre-commitment program. The World Smart trial in Adelaide had less than 1% participation, of the potential involvement, despite pre-commitment being promoted and linked to an existing loyalty program.
- Less is More. The less options for gamblers, the better. The World Smart trial found that most patrons involved with the trial opted for a session spend limit, a few opted for warnings and virtually none of the range of other pre-commitment options were accessed during the trial.
- Information / education alone is not enough to be effective; there needs to be mandated requirements on providers of gambling activities to ensure that adequate consumer protection, including pre-commitment in this instance, is in place.
- Existing technology is able to deliver almost any conceivable pre-commitment option or combination of measures
- The cost of implementing a workable pre-commitment program is moderately low, based on the willingness of many venues to implement loyalty programs which use a similar technology to likely pre-commitment options. The marginal cost per venue of providing pre-commitment through the World Smart system, for example, was very low.
- A significant number of poker machine patrons are already using a card or tag as part of their play, namely loyalty programs. This suggests that the introduction of a technology supported pre-commitment program will have minimal impact on patrons because most are already using and familiar with a similar technology.

¹⁰ SA Government, Supporting Customer Commitment, Fourth Progress Report to the Minister for Gambling by the Responsible Gambling Working Party (RGWP), 2010.

Designing a Pre-commitment program

Using the base criteria outlined by the Productivity Commission, we suggest that there are two significant aspects of pre-commitment program design that need to be brought together. These two aspects we summarise as:

- elements of pre-commitment
- extent of mandating

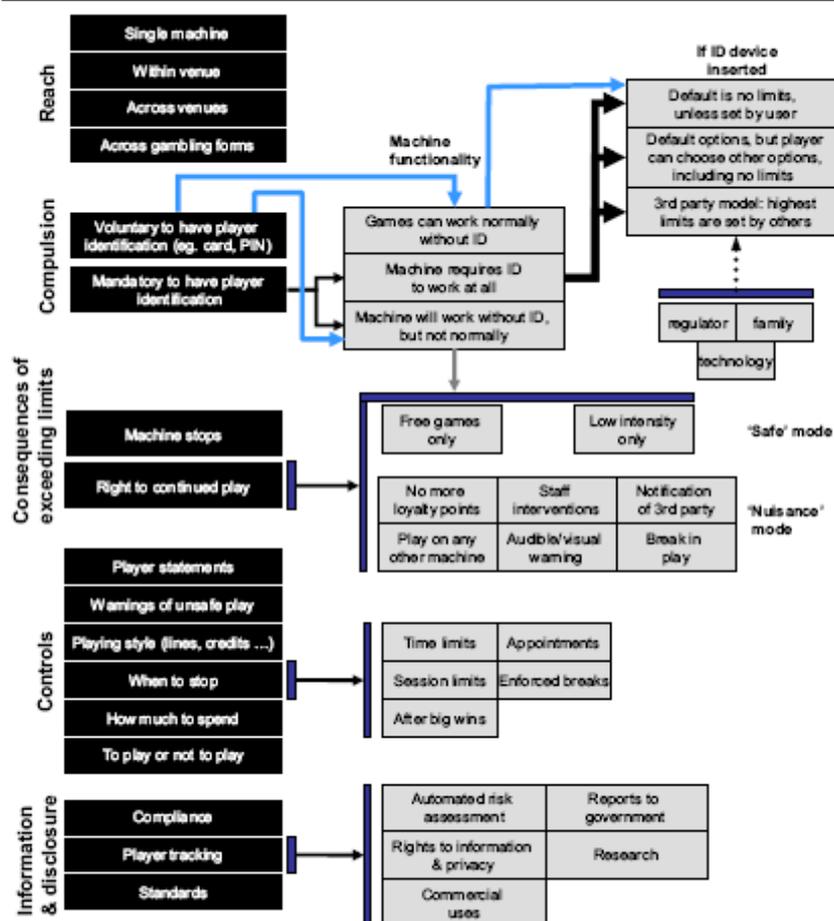
Elements of pre-commitment

The Productivity Commission has identified 5 elements of pre-commitment programs, as shown in Figure 10.1 of their report, reproduced as figure 3 below. The five elements being

- Reach
- Compulsion
- Consequences of exceeding limits
- Controls
- Information and disclosure

These 5 elements provide a useful way for deconstructing pre-commitment program design, recognising that there are a number of 'sub-elements' in each of the 5 overarching elements.

Figure 10.1 Key pre-commitment options^a



^a In all systems, identification requirements relate to use of the machine, not to any requirement for patrons to identify themselves to venue staff. As is the case with using an ATM or online account, a player would use a card, PIN or some other method to gain private access to their settings.

Figure 3, source Productivity Commission Final Report on Gambling 2010

We recommend that these five elements be utilised, by the Select Council, in making recommendations to the government about an effective pre-commitment program design.

Extent of Mandating

We suggest that for each of these elements, there is a continuum of policy and program options, which we have summarised as ranging from mandatory through to 'opt in' (or laissez fair). To narrow the policy options, we consider just three of the almost infinite array of options in the continuum; mandatory and opt in, the third option being described as 'nudge' options as somewhere in the middle of the continuum. The term 'nudge' is taken from the book of the same name by Richard Thaler and Cass Sunstein.¹¹ A central concept of "nudge" is the application of 'libertarian paternalism', which gives people choices, but nudges them to make decisions that are in their own longer term best interest. In general this is achieved by making it as easy as possible for customers to make the healthier choice for themselves. For example in school canteens, if healthy food is presented at eye level, in an attractive manner, and junk food is less visually obvious, many more students make the healthier choice, than if the less healthy options are the easiest choices to make. In the context of gambling pre-commitment, the 'nudge' option uses default settings and 'opt out' opportunities for customers and sits between "mandatory" and "opt-in" on our continuum.

Using these five elements and the three levels of mandating approach, when tabulated, as in figure 4, yields a 15 cell table of pre-commitment program options, which is a massive simplification of the near infinite possibilities that exist for a pre-commitment program. We suggest, however, that this approach provides the basis for considering the development of key elements of a pre-commitment program for Australia.

Summary of the range of options for elements of pre-commitment programme design

	Mandatory	Nudge	Opt-in
Reach	All machines, all venues have PC	Default is for PC, gamblers can choose to opt out	Gamblers can opt in to PC on a session basis
Compulsion	Must have a card/tag/usb device to gamble	Given card to gamble, by venue, can opt out	Can ask for card to gamble
Consequences of reaching a limit	Machine stops when limit reached	Play continues in 'nuisance' mode and "Safe Mode"	Play continues, loyalty points not accrued
Controls	Enforced Breaks in Play, venue staff to approach patron	Limits to number of lines / credits that can be played	Gambler can request a statement of spending
Information	Regular reports to and from government	Available for research	Commercial – "in confidence"

Figure 4, Uniting Care preferred position is shaded

¹¹ Thaler, R and Sunstein, C; Nudge – Improving decisions about health, wealth and happiness, Yale University Press, March 2008, ISBN 9780300122237

Our Preferred Model

Using this framework, the following outlines our preferred pre-commitment model:

Reach:

All machines in each Australian jurisdiction must be set up so that a single agreed pre-commitment device is used to activate any EGM in that jurisdiction.

Pre-commitment needs to be mandatory for all venues with one mode of operation that is seamless for the customer. We would strongly prefer a single pre-commitment system, but it is essential that the pre-commitment system appears seamless to the gambler. Any program option that enables different venues, or different groups of venues to use different systems currently defeats the purpose of pre-commitment. As we are aware, patrons are mobile between venues rendering anything other than jurisdiction wide pre-commitment system ineffective.

Summary position: "Reach" must be "Mandatory"

Compulsion:

It is essential for all gamblers to have a card/tag/usb to play on poker machines at any venue in any jurisdiction: high order 'details'

- session default limit set at the average session spend across the jurisdiction
- customers can reduce their limits at any time, effective immediately, and until changed subsequently.
- Gamblers using pre-commitment device can opt out of a limit, or increase their session limit a minimum of 24 hours before commencing a session. Their session limit returns to default level immediately after any 'over the default limit' session
- Time limit and breaks in play also set as defaults

Summary position: "Compulsion" must be "Mandatory"

Note. These two essential elements enable the pre-commitment system to be applied equally to all gamblers, so it cannot be regarded as only being for problem gamblers by any gambler or venue staff member. This approach also deals with the very low take up rates witnessed in SA trials, so that to play pokies a device (card/tag/usb) is needed by anyone, just as anyone needs a card to hire a DVD.

We are open to exploring workable solutions for tourists wanting to play EGM's

Consequences of exceeding limit:

A combination of responses is required.

Our preference would be that reaching a limit means that no further play is possible. This approach provides the strongest consumer protection measure. However, we recognise that this is an area where some targeted research would be valuable, to give stronger consumer input, possibly a series of focus groups with a mixture of regular and semi-regular EGM players.

We also consider that the Productivity Commission's option of continuing to play in 'safe mode' may be an option that effectively balances consumer protection with recreation.

Other important responses:

- Visual message to gambler
- option for text message to gambler and / or third party of the gambler's choice

- Active venue staff interaction for 3 or more limit 'exceeds' in specified period, eg 3 months

Summary position: "Consequences" may suit a "Nudge" option

Controls:

The following 'controls' are a required minimum set

- A personal approach by a venue staff member is essential for all patrons who exceed the limit. We note that this approach is taken by Host Responsibility Coordinators at Adelaide Casino, a program that UnitingCare Wesley Adelaide was involved in establishing, and believe it to be an effective program.
- Breaks in play need to be programmed in to enable gamblers time to be rational about their current state of play and any associated risk
- Player Statements to be readily available on request by gambler, ideally in venue (eg at a kiosk) and available on line.
- Player statements should be sent to gamblers on regular basis (monthly / quarterly, in format nominated by gambler (email, hard copy etc)
- Option should be offered, enabling statements to be sent to all accessed by a third-party, including a gambling counsellor or similar

We are also aware of the research work undertaken by Dr Paul del Fabbro who has researched options to identifying players at risk by 'in venue' observation. We understand that the South Australian Hotels Association is conducting further work with Dr del Fabbro to consider ways in which this research could be applied 'in venue'. We think this is a really important development that should be further researched, trialled and outcomes widely disseminated.

High priority needs also to be given to Canadian research that is investigating the capacity of software algorithms to detect an increase in the riskiness of a gambler's play, from changes in their approach to play during a session. We consider this to be a really important area for further research, perhaps research that could be undertaken collaboratively with gambling researchers in other countries, in particular Canada and New Zealand, due to cultural similarities and shared interests in gambling research and policy.

Summary position: "Controls" fit most closely with a "Mandatory" option

Information and disclosure:

The data that will be collected from provision of pre-commitment programs is substantial and will be required for evaluation of implementation of pre-commitment and pre-commitment effectiveness. The data will also be very important in giving greater levels of detail about gambling behaviour, both in aggregate and by individuals, and will be crucial for future research and in the development of evidence basis for future policy and regulatory developments. Data from pre-commitment programs must, therefore, be centrally collated and managed for both evaluation and research purposes. In addition data must be:

- de-personalised
- available to regulator, Government and publically reported
- available for bona fide research associated with reducing gambling harm

We are aware that the Welfare Rights Centre is submitting about access to player data by social security departments and recognise the importance of this issue

Summary position: "Information and disclosure" suits a "Mandatory" option

Link to loyalty programs

We are aware that pre-commitment trials to date, in Australia, have been linked to venue loyalty programs. We are not satisfied that linking loyalty programs with pre-commitment is consistent, in consumer protection terms. Pre-commitment is about ensuring that customers can limit their gambling spending, loyalty programs are about increasing spending in venues. The two are incompatible, and should be provided separately.

3. Governance and Responsibility for Pre-commitment

Effective structures need to be in place to ensure that the policy outcomes presented to Government, through the Select Council process are able to be effectively implemented, noting that the Select Council on Gambling is time limited. We support the Productivity Commission's view that implementation of pre-commitment should be the responsibility of jurisdictions, working to national standards. However, we strongly recommend that a national "Pre-Commitment Regulator" is needed to oversee the development of pre-commitment programs across Australia, evaluate effectiveness, manage data, information and disclosure, and oversee relevant research and in all likelihood, trials. This body would be best placed within the Commonwealth, given the necessity of national reach.

4. Consumer Redress

This submission has emphasised the crucial perspective of the importance of improving consumer protection for gambling customers. While the current inquiry, and government priorities for gambling are focused on universal pre-commitment, which we strongly support, we believe that another important element of gambling consumer protection is needed, namely the establishment of a national gambling industry ombudsman. We observe that an industry that an annual turnover of nearly \$20 billion is having significant consumer impact; consumers need a guarantee that there is an independent arbiter to whom they can take complaints.

We have not gone into detail about our 'headline' proposals regarding a "Pre-commitment Regulator", and a gambling industry ombudsman because we believe that there are plenty of examples of affective regulator's and ombudsman schemes currently operating in Australia, these serve is useful models. UnitingCare Australia is more than happy to work with the inquiry to further develop approaches for implementation for either of these proposals.

Other Terms of reference

a) Inquire into and report on:

iii) Legal advice commissioned and received by the Commonwealth by 1 February 2011 regarding the Commonwealth's constitutional competence and prospects for successfully legislating in this area, including the reasoning supporting the legal advice and financial and other consequences flowing from it;

We are unable to comment on this term of reference due to its timing being in the future, at the time of writing this submission. However, we would welcome the opportunity of commenting on this advice, once it has been received by the Commonwealth.

a) Inquire into and report on:

iv) Any gambling-related legislation that has been tabled in either House, either as a first reading or exposure draft;

Some UnitingCare agencies were involved in making submissions last year to an Australian Senate Community Affairs Reference Committee Inquiry that was undertaken during 2010 that inquired "into the Prevalence of Interactive and Online Gambling in Australia."

We remain deeply concerned about the likely harm that will be generated by increasing online and interactive gambling and the almost universal distribution of personal devices capable of offering gambling, e.g. mobile phones, ipods, blackberries etc.

We encourage this inquiry to include pre-commitment option for on-line and interactive gambling as part of the staging of the introduction of Australia wide pre-commitment for gambling. We understand that some Australian jurisdictions already have requirements of some form of pre-commitment for on-line gambling, however believe that such approaches need to be nationally established and regulated, and indeed should be part of multilateral regulation internationally.

a) Inquire into and report on:

v) Appropriate terms of reference, to be set by no later than 30 June 2013, of a further Productivity Commission Inquiry to examine the impact of pre-commitment schemes on problem gambling and to determine what further harm minimisation measures may be necessary.

a) Inquire into and report on:

vi) Monitoring the impact of reforms to address problem gambling; and

a) Inquire into and report on:

vii) other matters relating to gambling referred by either House.

Each of these terms of reference are for future consideration, and UnitingCare Australia would appreciate the opportunity to contribute to these considerations at appropriate times in the future.

b) Make recommendations to the Minister for Families, Housing, Community Services and Indigenous Affairs and the Assistant Treasurer, to inform any position that the Commonwealth will take to the COAG Select Council on Gambling Reform.

There are two additional recommendations from the Productivity Commission's report which we specifically highlight as being valuable adjuncts to pre-commitment in improving consumer protection. These being:

RECOMMENDATION 11.1

Governments should require that by 2012, all new EGMs include the capability of being played at a maximum intensity of \$1 per button push, with this being activated in 2016.

In 2016, all EGMs should be limited to a \$1 bet, with an exemption until 2018 for venues with less than ten machines that also face significant implementation costs relative to revenue.

RECOMMENDATION 13.2

Governments should modify existing regulations of ATMs/EFTPOS facilities by introducing the following changes in gaming venues:

- cash withdrawals from ATMs/EFTPOS facilities should be limited to \$250 a day, except for casinos
- ATMs/EFTPOS facilities should be a reasonable distance from the gaming floor, visible to the public and venue staff, yet not to gamblers from the gaming floor
- warning and help messages should be clearly visible on ATMs.