30-01-2011

Hamish Hansford
Committee Secretary
Joint Select Committee on Gambling Reform
Australian Senate
Parliament House
Canberra ACT 2600
Email: gamblingreform@aph.gov.au

Dear Mr Hansford

re: **Inquiry into Gambling Reform – Submission on the Pre-Commitment Scheme**

Thank you for your invitation to provide a submission to assist the Committee's consideration of the design and implementation of a best practice full pre-commitment scheme that is uniform across all the States and Territories.

My submission draws upon my experience in gambling research, regulation and policy analysis in all Australian States and Territories. More recently I have had experience in assessment of international responsible gambling programs, including pre-commitment measures. A summary of my relevant experience is provided in the short Biography below.

As I have indicated in numerous forums over the years, including the 2009 Productivity Commission inquiry (McMillen sub.223 p.28), I strongly support the introduction of pre-commitment measures to help reduce the harmful effects of gambling. To that end, I endorse the Productivity Commission's recommendation for 'universal mandatory pre-commitment systems to allow regular gamblers to set binding limits on their losses'. I submit that a voluntary scheme will have limited effectiveness as a harm minimisation measure. Problem gamblers will be less likely to use the pre-commitment options than other gamblers. While there is likely to be initial consumer resistance to a mandatory scheme, other public health policies (e.g. seat belt legislation) have shown that most people quickly adjust their behaviour and accept the new requirements.

That expectation seems to be supported by international experience where pre-commitment measures have been introduced. Pre-commitment schemes in various forms have been introduced in several countries. However many of the existing programs have been designed specifically for internet gaming sites, not EGMs, and most are voluntary. A concise, but incomplete, summary of existing pre-commitment programs was prepared in 2009 by the RGC Centre for the Advancement of Best Practices (copy attached). I understand that Associate Professor Paul Delfabbro is preparing a more up-to-date and comprehensive review of available schemes, so pending his report I will make only brief comments in this submission.

Using online technology, several software programs have been developed specifically to give online gamblers the ability to pre-set limits on how much they play, flag potentially dangerous play habits, provide information on their play history, and

display information about the odds of winning (e.g. PlayScan developed by Svenska Spel in collaboration with the research Spelinstitutet; GAM-GaRD developed by UK academics). While they differ in some key respects, these programs are based on cognitive and predictive data designed to identify the risks of certain games for vulnerable players. Some gambling management systems also give the licensed gambling provider the ability to reward players for using these responsible gambling features or for seeking out responsible gambling information.

While most pre-commitment programs are voluntary, a number of recent providers have introduced mandatory strategies. For example, Veikkhaus (Finland), imposes a number of restrictions on registered players (including daily expenditure limits) as well as offering tools for voluntary self-control (e.g. a 'panic button' to allow players to self-ban for the rest of the day, one week, one month or one year). New Zealand Lotteries also has introduced a mandatory player spend limit as advised by the government. Similarly Loto-Québec has recently introduced mandatory pre-commitment for VLTs (frequency, time and spend limits). However, it isn't clear whether this has been Loto-Québec's own initiative, or a regulatory directive or government policy. Moreover, although player behaviour is monitored through Loto-Québec's centralised gaming management system, I've been unable to determine if the pre-commitment scheme is being evaluated for efficacy as a harm reduction measure. Loto-Québec's program also includes other innovative harm minimisation measures – e.g. a parental control feature for lottery games.

Other large Canadian gambling providers (Ontario Lottery and Gaming Corporation [OLG], British Columbia Lottery Corporation [BCLC]) are in the process of installing programs similar to Loto-Québec. Significantly, that program implementation involves collaboration between OLG and BCLC; both have adopted the use of GAM-GaRD to assess the risk potential of a proposed or existing game for adult 'vulnerable' players. On the other hand, Playscan has been adopted by Scandinavian operators (e.g. Finland's Slot Machine Association [RAY]) and other European Union operators.

During program development, most gaming providers have engaged with researchers to provide insight into the impact the pre-commitment strategies may have on player behaviour, especially on vulnerable groups. Many also continue to analyse patterns of behaviour following program implementation. This type of analysis would allow identification of changes in player behaviour according to risk profiles. The data thus can provide insight into situational and structural factors that may affect problem gambling, and support attempts to mitigate any potential future risk. Regrettably, that analysis tends to remain internal to each gaming organisation.

Very little (if anything) has been published to date that would give reliable information about the relative efficacy of different pre-commitment schemes and associated harm minimisation measures. Consequently I have seen no clear evidence to indicate that pre-commitment measures have reduced the harmful effects of gambling. On the other hand, nor is there evidence that the enjoyment of recreational gamblers has been reduced. Even so, under the precautionary principle, pre-commitment at face value appears to offer potential benefits for some groups of gamblers and should be implemented.

It is important to note, however, that pre-commitment is just one of several emerging responsible gambling tools that support player empowerment and harm minimisation. It is essential that Australian policy-makers examine the full range of new approaches and strategies being implemented globally to create more robust game design and safe gambling environments. Regardless of the particular option used, pre-commitment measures alone are unlikely to achieve a significant reduction in gambling-related harm. As with seat-belt regulation (and all public health policies), a range of complementary, targeted strategies will be required to support any new initiative.

However there does appear to be increasing support by some (not all) governments and some industry groups in Australia for strategies allowing gamblers to limit their expenditure or to set pre-determined limits. There also seems to be growing public support, although expert analysts continue to disagree about the possible benefits. Even so, practical barriers to a national strategy include commitment of all gambling providers to the strategy, and the costs of new infrastructure and public education. However the major challenge in the design and implementation of a uniform national pre-commitment scheme will be to achieve agreement and consistency across all States and Territories. Some governments already have indicated their reluctance to participate if the scheme has adverse impacts on their gaming revenues.

But localised State-specific gambling policies are ill-equipped to address an increasingly national and international industry. Invoking the principle of cooperative federalism, this Committee has an opportunity to achieve evidence-based national coordination of gambling regulation to establish uniform standards of consumer protection for all Australians, regardless of where they live. Examples of interstate cooperation have been achieved in the past (e.g. Gambling Research Australia's research program), although participation has not always been unanimous. I remain optimistic.

Professor Jan McMillen
30th January 2011

Biography - PROFESSOR JAN McMILLEN

Current Appointments

Adjunct Professor
Gambling Research Centre
National Institute for Public Health & Mental Health Research
Auckland University of Technology, NZ

Adjunct Professor
Centre for Gambling Education & Research
Southern Cross University, NSW Australia

Responsible Gambling Independent Assessment Panel
World Lottery Association

Previous Academic Positions

2008 **Adjunct Professor**
College of Arts & Social Sciences
Australian National University

2003-07 **Director, ANU Centre for Gambling Research**
Research School of Social Sciences, Australian National University

1997-2003 **Director, Australian Institute for Gambling Research (AIGR)**
University of Western Sydney

Public Offices:

1991-1993 Commissioner, Victorian Gaming Commission.
1991-1998 Commissioner, Machine Gaming Commission of Queensland.
1995-1996 National Working Party on Gambling Research
1999-2001 Commissioner and Deputy Chairperson, Queensland Gaming Commission
2001-2003 Commissioner and Deputy Chairperson, Queensland Gaming Commission

I have had extensive experience in the analysis of gambling policy and regulation, the study of gambling impacts and social policy. I was appointed as Australia's first professor of gambling research at the University of Western Sydney, where I was Director of the former Australian Institute for Gambling Research (AIGR) 1997-2003. In 2003 I was appointed to the Australian National University as Professor and Director, Centre of Gambling Research (RSSS). Since 2007 I have concentrated on independent consultancy.

I have completed over 50 gambling research projects and published numerous book chapters and academic articles. In 2001 I established the prestigious academic journal, *International Gambling Studies* published by Taylor and Francis (UK).

I have also been a gaming regulator, appointed to independent Gaming Commissions in Victoria and Queensland. My dual roles as researcher-regulator have provided a detailed understanding of community perspectives, the responsibilities of gambling operators and the practical aspects of gaming policy and regulation.