Submission to the Joint Select Committee on Gambling Reform from the Social Issues Executive, Anglican Diocese of Sydney

The Social Issues Executive of the Anglican Diocese of Sydney (SIE) advises the Diocese on public policy issues, and seeks to uphold and contribute to public governance. We are thankful for the opportunity to comment on this important issue. Our comments are specifically related to the following term of reference:

(a) (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 findings and recommendations of the Productivity Commission*

The SIE urges the Joint Select Committee (the Committee) to recommend to the Australian Government the full implementation of the Productivity Commission's recommendations with regard to a full and mandatory pre-commitment scheme across all States and Territories and electronic gaming machines (EGMs).

This submission outlines the SIEs rationale for supporting mandatory pre-commitment within the context of the Productivity Commission's recommendations. It also suggests an operational model that allows individuals to choose the amount of money they can lose in a specific time period when using EGMs.

The concept of mandatory, self-chosen pre-commitment when using EGMs strikes a balance between preserving personal autonomy, providing safe-guards for members of society who are particularly vulnerable and allowing casual gamblers to have certainty about their gaming limits. It may also be applicable to other forms of electronic gaming.

Rationale for supporting full mandatory pre-commitment

The SIE believes that the scope of the Commission's recommendations regarding a mandatory pre-commitment scheme is appropriate to identified need in the community. In particular, the SIE notes the prevalence, identified by the Commission of:

- problem gambling at 0.7% of the total Australian adult population; and
- adults deemed to be at moderate risk of becoming problem gamblers, identified at 1.7% of the adult population.

Given that 2.4% of the adult population or 395,000 adults are either identified as problem gamblers or are at moderate risk of becoming a problem gambler, there is a public policy imperative to implement strategies designed to deter problem gamblers and reduce the prevalence and risk of problem gambling. Further, we note that 15%

of EGM users are estimated to be problem gamblers, making it necessary and effective for public policy initiatives to target this population group.

The Commission identified that 40% of losses on EGMs come from problem gamblers. This means that 15% of EGM users are contributing 40% of the revenue for clubs, hotels and other bodies who benefit from gaming revenue. Considering the prevalence of problem gambling, it is clear that revenue from problem gambling on EGMs is vastly disproportionate to other sources of gaming revenue. It is morally reprehensible for this revenue to derive so strongly from people with, or at risk of, a gambling addiction. This evidence establishes a clear and empirically acceptable rationale for a public policy regime designed to limit and control problem gambling, especially in relation to use of EGMs.

Anecdotal evidence from churches in the greater Sydney region reflects the Commission's conclusions. Gambling is one of the biggest problems facing families, particularly those families in lower socio-economic regions of Sydney. Action by the Australian Government is sorely needed.

The imperative for a public policy response to problem gambling is further mandated by the extent to which problem gambling destabilises relationships. The breakdown of family and personal relationships and stresses on workplace relationships are particularly powerful manifestations of the poor social wellbeing that can be attributed to problem gambling.

These poor social outcomes are also related to poor economic outcomes for many problem gamblers. The Commission's finding that 'regular gamblers' spend $7000 - $8000 on EGMs per annum, and even as much as $1500 per hour, is evidence of the significant financial impost that problem gambling can place on families and individuals.

While it should be noted that not all problem gamblers are from vulnerable backgrounds and may not experience social or economic stress as a direct result of their problem gambling, the extent to which these elements characterise problem gamblers in general is sufficient to warrant a policy response aimed at improving their social and economic wellbeing.

Suggested model for implementing mandatory pre-commitment

The Terms of Reference have directed us towards commenting on the possible design and implementation of a pre-commitment scheme that could operate uniformly across Australia. The SIE does not have the operational insight or necessary technological expertise to suggest the exact mechanics by which the scheme could be implemented and operated. However, we suggest that the following points might

be important elements of the scheme, with much of the necessary infrastructure already available.

- **A personalised card** for use in any EGM in the country, with all such machines modified only to accept credits from such cards. These cards would enforce any loss limits within a specified time frame. As with an ATM card, the user would access prepaid credit on the card (see below) by means of a PIN pad on the EGM.

  The card would need to fit into one of three paradigms. It would either (I) be a generic card available at a geographically separate point of sale, with replacement cards freely available at that point of sale; or (II) a generic card available at gaming locations, but where replacement cards could only be purchased after a waiting period; or (III) a personalised gaming 'license', where ownership is recorded, and where replacement cards can only be issued if the card was lost or stolen.

  On consideration we favour the third of these options. We are aware of some privacy concerns around this idea; but acceptable privacy could be maintained through the use of smart card technology and be regulated within the scope of existing privacy legislation. This approach would be similar to that currently employed on ATM cards to keep personal PINs private, which can store encrypted data on the card itself.

- **A specified time period, or 'time cycle', during which a user cannot use an EGM if the loss limit has been reached.** At the point of issue, the user would be required to state the maximum loss amount during a defined time cycle (say, daily). Once this loss amount has been reached, the user would be 'locked out' of EGMs for the nominated time period.

  There could be an option for people to choose longer time cycles for themselves than the minimum time cycle stipulated by legislation. For example, a user could elect to lock themselves out for additional hours, days or weeks once they reach their loss limit, in order to encourage themselves to leave the gaming venue, and perhaps to match their spending to their income cycle. The user could only change this pre-commitment at the end of the current time cycle. Again, these options might be facilitated by smart card technology.

- **Winning payouts do not alter the monetary loss limit.** A gamer could play winnings as machine credits during the current time cycle; or cash out machine winnings as is currently the case; or load new credit onto the card for a future gaming session. But the pre-committed loss limit on the card could not be exceeded within the time cycle.

- **The requirement to load the card with money from savings or cheque accounts only**. The card would be 'loaded' at special points of sale (e.g. newsagents) with credit from the users' bank account, using an EFTPOS. However, deposits onto the card from credit accounts would be blocked.[1] The amount of credit loaded onto a card could exceed the user's nominated loss limit.
- **A personalised card can be purchased at a gaming venue to cater for adhoc casual gaming.** However, legislation would need to stipulate strict penalties if a venue were found to have knowingly issued additional cards to gamers. By analogy with any licensing system, card owners would have to declare loss of theft of the card and undergo a suitable re-issuance procedure.

Strengths of the proposed model

A scheme like the one we have envisaged will not stop casual gamers from enjoying themselves, but will help break the cycle of financial loss for those who cannot control their spending on gaming machines.

Our suggested system may encourage problem gamblers to come to terms with their choices by requiring them to step through a timely decision-making process about their spending. It may also help reduce the levels of gambling addiction by dampening the highs and lows experienced after wins and losses. Further, future casual gamblers will learn to gamble safely and responsibly.

Any scheme will need to be user-friendly. The model of a gaming card is a universally applicable policy initiative. The concept of prepaid credits purchased from newsagents or convenience stores is already well received and understood by the general public. It would seem to require relatively simple adaptations of existing technology to extend such habits to gaming cards.

The suggested scheme upholds civil liberties by preserving people's ability to make choices about gambling without preventing deliberate and controlled gambling. At the same time, it provides problem gamblers with protective mechanisms.

Comment on implementation timeframes

A gaming card system need not require a lengthy phase-in period; the six year implementation period for mandatory pre-commitment as suggested by the Commission is overly generous. The length of the phase-in period should simply be determined according to whatever will best achieve effective universal application of a pre-commitment scheme. Morally speaking, it is more important to relieve the

[1] Credit could be stored on the card so that credits are lost if the card were lost. Or, the card could access something analogous to a bank account

burden on problem gamblers and their families than to protect the balance sheets of clubs and hotels.

Mandatory pre-commitment is an appropriately measured response to identified need. Investment by Government, clubs and hotels in the regulatory regime and infrastructure to implement mandatory pre-commitment should be affirmed as a strategic way to deter and manage problem gambling while allowing certainty and freedom for those who choose to gamble.

Sincerely

Dr Andrew Cameron
Chair, Social Issues Executive, Anglican Diocese of Sydney