31 January 2011

Committee Secretary
Joint Select Committee Gambling Reform
Parliament House
Canberra ACT 2600

Dear Committee Secretary

Please find attached a submission to the Joint Select Committee relating to the inquiry into pre-commitment.

Leon Wiegard, OAM
President

Neill Murray
Chief Operating Officer

Submission to the Senate Joint Select Committee into Gambling Reform

Inquiry into pre-commitment

Community Clubs Association of Victoria (CCAV) is a not-for-profit industry association representing licensed not-for-profit clubs in Victoria throughout metropolitan Melbourne and regional Victoria. Many member clubs offer gambling including gaming machine play as part of their overall entertainment for members and guests.

What is CCAV's interest in pre-commitment, and what makes our views credible?

CCAV is interested in the pre-commitment discussion because it will influence Victoria's clubs in one way or another. Our members believe that on the one hand, a careful, planned trial of pre-commitment may facilitate clubs' being even more helpful and supportive to members; whereas a force-fed implementation of a compulsory system based on ideological grounds will hurt clubs, their members and their communities.

CCAV is not a newcomer to this discussion. In addition to responding to the Draft Report of the Australian Productivity Commission, we have served on Victorian Government committees covering a wide range of responsible gambling issues. In particular, since 2008, we have participated in the Responsible Gambling Ministerial Advisory Council (RGMAC, its associated working group on pre-commitment and the Victorian Commission for Gambling Regulation's Responsible Gambling Reference Group.

It has been our observation that many proponents of wide-area "full pre-commitment" are influenced by a desire to introduce costly technology.

CCAV has been consistent in advocating pre-commitment as a tool that may assist some people to adjust or control their gambling behaviour.

Responding to the announcement of Victoria's pre-commitment policy, CCAV advised the State Government in a letter to the Department of Justice, Office of Gaming and Racing in 2010

CCAV supports the progressive, orderly introduction of a voluntary pre-commitment regime for gaming in Victoria on the grounds that it may provide tools for increased self-control among those customers seeking to adjust or reduce their gambling behaviour and expense. It should be remembered however that the incidence of problem gambling has more than halved in Victoria over the period between the first and second APC Reports.

What is pre-commitment?

For the sake of clarity, some alignment of expression is needed. By "voluntary pre-commitment" we mean a system where players may avail themselves of tools to set limits of time or money. Where a limit is reached, the player is advised via screen message, and is prompted to cash out game credits. It is possible for the player to re-set limits. This is aligned to the APC's definition of "partial pre-commitment".

Such a system offers empowerment for individual consumers. This differs from the APC's definition of "full pre-commitment"

"...people should not be able to renege on their pre-committed decisions except on terms that they have already predetermined".

The choice between these two definitions is clear – one offers self-empowerment opportunities for consumers through which they may effect desirable changes to gaming machine play behaviour, and the other binds all in an embrace that restricts freedom of choice.

The Australian gaming machine landscape is not a 'one size fits all' environment...

The Victorian gaming machine environment is unique, (as is the case in all other states, too) in a number of ways

- Gaming machine play has been conducted under the auspices of Licensed Gaming Operators (LGOs) (Tatts group and Tabcorp) since its inception in 1992, and this will continue until 2012, when Victorian hotels and clubs will assume full responsibility for their own gaming operations.
- The LGOs provide monitoring services on behalf of the state. From 2012 there will be a single Licensed Gaming Monitor.
- The former Victorian government announced a pre-commitment regime to be implemented in three stages.
    - From 2010, all newly-approved games/ gaming machines are required to offer pre-commitment
    - From 2013 all gaming machines will facilitate pre-commitment and be linked across each venue
    - From 2016 subject to cost all gaming machines in the state are to be linked.
- This announcement was made following a Council of Australian Government meeting in 2008. Although the announcement came 'out of the blue' and was not supported by research or evidence it was accepted generally favourably. It appeared then and remains so now, political expression rather than considered evidence-based policy.
- Nevertheless, along with other Victorian industry stakeholders, CCAV accepted the announcement of the pre-commitment policy by the Victorian Government and expressed support for its careful and orderly introduction, as stated above.

...although there are some similarities...

As in other states, the incidence of problem gaming in Victoria has reduced dramatically since the first Australian Productivity Commission Report into the gambling industry. This is generally accepted as being a product of closer cooperation between government, support services and industry in implementing policies to assist problem gamblers and help others make better decisions about their gaming behaviour.

In light of the tremendous improvements in reducing the incidence of problem gambling in the community, advocating full pre-commitment is the policy equivalent of using a sledgehammer to crack a nut. It is inefficient and likely to result in undesirable unintended consequences.

"Unintended" consequences for Victorian clubs

There is consistent conjecture (including references in many submissions to this Inquiry) that "full pre-commitment" may be of little assistance to problem gamblers, and that its effect will be to modify the behaviour of moderate or recreational gamblers. There is no evidence to suggest that problem or at-risk gamblers will utilise a full pre-commitment system effectively or that they will not seek to undermine it.

The effect of the modification of moderate and recreational gamblers' behaviour is obvious – there will be a decline in gaming revenue and a loss of enjoyment by members and guests in the club experience. This will have a negative impact on clubs' abilities to perform to best effect in their communities. There is likely to be

i. A dramatic decline in club revenues leading to clubs' inability to maintain facilities for members and communities
ii. A transfer of club revenues to internet/ online gambling services. In this context, it is difficult to understand how playing a gaming machine in the closely observed environment of a Victorian club is somehow more dangerous to at-risk gamblers than uncontrolled access to online gambling *via* the television remote or home computer. If the real concern is to mitigate the effects of problem gambling, and to limit the potential for at-risk gamblers to do harm to themselves, the Inquiry's attention would be more effectively directed toward the growth of the online/at home sector
iii. Greater reliance on local government to provide facilities currently provided by clubs – this includes sports ground maintenance, event hosting, and grass roots support for small clubs
iv. A reduction in the visibility and place of clubs in their communities. If there was any need to remind Senators of the importance of this, we need go no further than the recent natural disasters, when clubs of all kinds have been emergency refuges and gathering points in Victoria and Queensland.
v. Crippling costs for many clubs. **Governments implementing wide-scale IT projects have a poor track record of success** (note in Victoria the ***myki*** ticket and Health Technologies projects), and this will be a wide-scale IT project involving hardware and software.
vi. Confusion for consumers. How will groups of friends play a gaming machine? It is very common for small groups of friends to "throw in" say, $20, and play as a group. Will this play exceed someone's limit? Will more than one pre-commitment device be used to overcome any problem with limits? It is easy to see many problems being exposed or created under this circumstance.

vii. Confusion for venues. In Victoria, the move away from the Gaming Operator system is about to place a heavy burden on clubs by handing over responsibility for total operations from August 2012. Clubs will have a lot on their plates, and the potential for confusion and other problems is high.

Why does that matter?

Victorian clubs are a vital component of community life.

i. In every town and most suburbs of Melbourne, community facilities such as sports grounds, events, grass roots sport are all administered and supported by clubs
ii. Many clubs rely in part on gaming revenue to provide this support
iii. This support has grown dramatically since the introduction of gaming in Victoria in the 1990s
iv. Clubs by their very nature bring people together, and through the recognition of what people have in common rather than what separates them, promote greater understanding and tolerance

What is to be done?

Is there a practical way through this situation that will engage clubs, obtain their commitment, and be effective in assisting problem, at-risk, and recreational gamblers who wish to change their gaming machine play behaviour? We contend that there is, in the form a pre-commitment regime that is

- voluntary to use
- evidence-based
- introduced by trial
- supported by education for gambling support services

We commend to the Inquiry the views of the many submissions from grass roots clubs who want to serve and support their membership, and who believe that compulsory registration of members for gaming machine play will not serve their members well. Ranging from the small such as Numurkah Golf and Bowls Club to the very large, their message is consistent – inflict untried, unnecessary negative change on clubs and there will be dire consequences.

Finally we commend to the Inquiry the cogent submission of Senator Cory Bernardi who has expressed what many Australians feel about over-regulation – the nanny state does not

advance the interests of the vast majority, and there are better ways to assist those who need assistance than by over-regulating and over-controlling everyone else.