



## **Submission to Inquiry into Gambling Reform Pre-Commitment Scheme. 2011**

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The South Australian Heads of Christian Churches Gambling Taskforce (GTF) welcomes this opportunity to make a submission to the Joint Select Committee on Gambling Reform inquiry into a pre-commitment scheme. We commend the extensive consideration of pre-commitment schemes by the Productivity Commission. This submission seeks to provide additional information and indicate where the GTF has different views which differ from the Productivity Commission recommendations. (We note that we do not have detailed technical expertise and so make no differentiation between various technology providers, rather we discuss the outcomes that technologies can achieve.)

**The South Australian Heads of Christian Churches** comprised the appointed heads (Archbishops, Chairs, Moderators and Presidents) of eleven South Australian Christian denominations.

**The Gambling Task Force (GTF)** which reports to the South Australian Heads of Christian Churches has been functioning since 1999. It was formed in response to widespread concern within church communities about the impact of the expansion of gambling opportunities (particularly poker machines) on the South Australian community. Members of the GTF are each appointed by their head of church.

The GTF has made submissions to and appeared before every parliamentary and Independent Gambling Authority inquiry since 1999. The GTF has taken a harm minimization approach to gambling and has cordial relationships with gambling industry leaders.

### **The Design and Implementation of a best practice full pre-commitment Scheme**

The Canadian experience in the Nova Scotia jurisdiction regarding the introduction and trial of pre-commitment provides much of the available evidence about the positive impacts pre-

commitment can have in assisting gamblers to stay within affordable limits and manage their gambling.

The GTF understands that the Canadian gambling environment and Canadian gamblers are sufficiently similar to Australia that it is possible to draw broad inferences from the Canadian experience as to what is likely to happen with pre-commitment in Australia.

Central to the current Inquiry is the Taskforce understanding that technology based strategies are able to significantly reduce gambling harm. The core questions, therefore, are not about the relative merits of different technologies, rather about the harm reducing outcomes that the technologies can help to achieve.

### **The Purpose of Gambling pre-commitment**

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

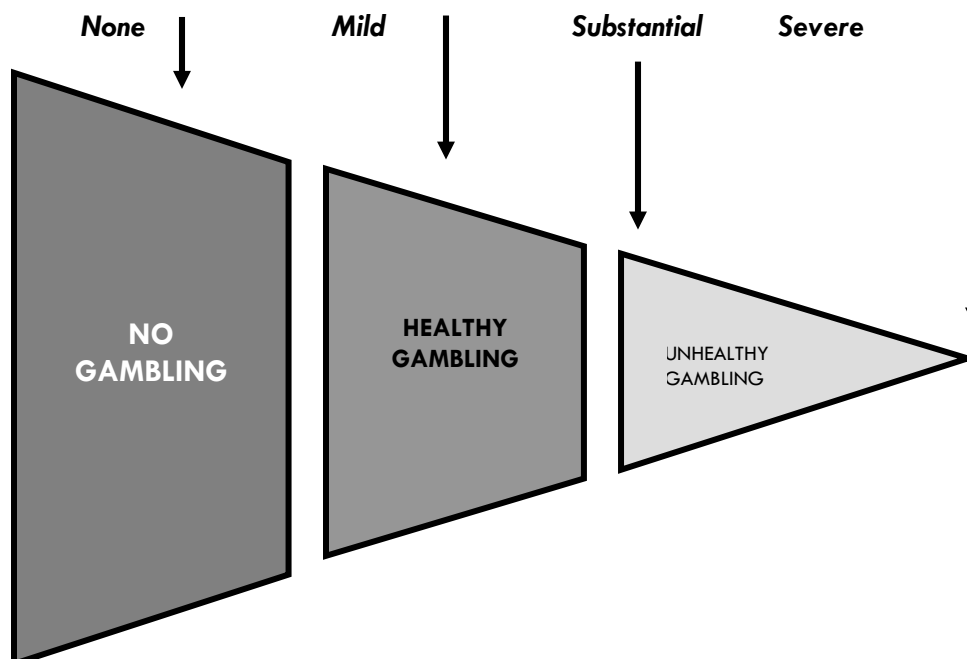
The GTF opines that the purpose of pre-commitment is to reduce gambling harm, noting that “around 15 per cent of these regular gamblers (95,000) are ‘problem gamblers’.”

**Public Health:** is the organised response by society to protect and promote health, and to prevent illness, harm, injury and disability. The approach takes a population wide approach and puts as much, if not more, emphasis on primary (education / health promotion) and secondary prevention (machine / venue design) approaches as is applied to tertiary level approaches, ie the treatment of people with a gambling problem.

The GTF considers that it is useful to take a public health approach to consideration of gambling harm reduction. This approach focuses on reducing the potential for future harm for gamblers at every level of the gambling risk continuum.

This approach has been put into diagrammatic form by Canadians Korn and Shaffer, and is reproduced below as figure 1.

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



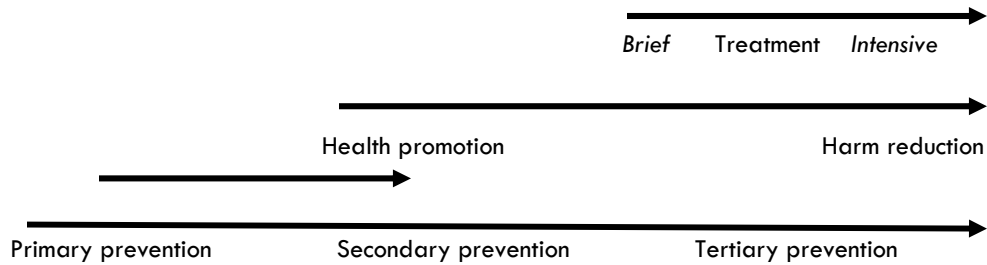


Figure 1

Pre-commitment is a rare approach to harm reduction that works at all primary, secondary and tertiary prevention levels, meaning that pre-commitment has relevance to all gamblers.

### **Profile of the Gambling Addict**

Gambling addicts are amongst the most depressed, anxious and suicidal of all counselling clients. The extent of self-loathing and self hatred that they often express is overwhelming. They blame themselves and any blame of others or the industry is merely a way of carrying the load of self blame. In reality, when someone becomes addicted they lose control of their behavior, and the ability to make free and reasoned decisions is extinguished or greatly reduced. Hence the notion of 'consumer autonomy' which we have outlined in other submissions is quenched. In such cases consumer protection measures are critical.

Respecting consumers as individuals requires not only respecting their reason but also their freedom. Human freedom does not mean the licence to do whatever one wants. Very often a strong desire to do something indicates an impairment of freedom and the need for a temporary cooling off period to allow for more thought. Where that strong desire tips over into a craving or addiction, freedom has been lost. Without self-control, there is no freedom. Put positively, freedom is freedom from external and internal drives, compulsions, coercion, obsessions and pressures, so that one can think for oneself about the possibilities of action and choose to follow objectives that are humanly fulfilling in a reasonable way. Black, Rufus , Ramsay, Hayden 2003, *The Ethics of Gambling: Guidelines for Players and Commercial Providers, International Gambling Studies, Vol. 3, No. 2.*

### **How Gaming Machines Cause Addictive Behaviour**

Animals, including humans, may be trained in a behaviour or addicted by the process of reinforcement. In reinforcement, a particular set of neurons (nerve cells) release one particular neurotransmitter in one particular region of the brain: the mesolimbic pathway releases dopamine from its neuronal terminals in a structure known as the nucleus accumbens. Activation of this pathway is associated with an increase in the level of "arousal" (excitement plus energetic behaviour) and may very well be associated with feelings of pleasure, euphoria or hopefulness.

A particularly important parameter is the interval between the making of a behavioural response (in a typical animal experiment, a pigeon pecking at a key or a rat pressing a bar: the similarity - it is much more than an analogy -with the behaviour of a punter on a slot

machine will be obvious) and the delivery of the reinforcer. This has been demonstrated in experiments on electrical self-stimulation of the brain in which, e.g. a rat presses a bar to stimulate electrically the mesolimbic dopamine pathway mentioned above. If the interval between the bar-press is set at such high rates of response the animal will ignore all other reinforcers (food, water, etc) and eventually starve itself to death. If the interval is very slightly increased (to half a second or so), rates of response fall off steeply and, unless this interval is filled with salient secondary reinforcers (lights, sounds etc), electrical self-stimulation of the brain will not be learnt at all. From this observation, there are two important lessons to be learnt. First, the mode of delivery of a reinforcer is of much greater importance in determining its power as a reinforcer than is its intrinsic nature. Second, to maintain behaviour, it is critical to have salient secondary reinforcers occur rapidly after the response you are trying to maintain. The razzmatazz of the fruit machine is a brilliant piece of behavioural engineering for this purpose. Seemingly insignificant features such as noises, displays, the availability of refreshments nearby and ready access to cash are all secondary reinforcers that may 'train' someone gambling to continue playing even though they are losing and their main reinforcer (winning) is absent. Hence, harm minimization measures that address these secondary reinforcers are pivotal.

The size and quality of the reinforcer (e.g. a bigger or better piece of food) is of much less importance than these design features in determining the vigour and persistence of the reinforced behaviour. To be sure, other things being equal, the bigger the reinforcer, the stronger will be the behaviour and the greater the power to confer secondary reinforcing properties upon associated stimuli. However, if the reinforcer is primary, it is normally accompanied by a process of satiation (so that food, water and sex lose their attractions after one has had a certain amount of them), and the bigger the reinforcer, the sooner this happens. Secondary reinforcers have the great advantage that they do not undergo this kind of satiation.

A further important principle is that of **intermittent reinforcement**. One first establishes a response by following it rather regularly and rapidly by a relatively substantial reinforcer, but this is largely to let the animal know what it is that it must do. After that, you make delivery of the reinforcer less and less predictable and more and more sparse. A bar-press may be followed once every hundred times on average, but randomly within that constraint, by a light that has been associated with a tone, which is itself delivered, contingent still upon bar-pressing, once in every ten times on average (again, unpredictably) when the light occurs, with food being delivered only once every five times that the tone occurs. So the animal has to press the bar 5000 times for every small piece of food - and does so. It is very easy, applying these principles in the laboratory (using the occasional delivery of a tiny piece of food, interspersed with the unpredictable delivery of a range of secondary reinforcers) to produce a rat or a pigeon (a standard one will do - no need to pick "an addictive personality") which will work for hours without stopping, for reinforcers of trivial value, to the extent that the animal's energetic balance from the behaviour is negative it will gradually starve itself to death. The parallel with responding on gaming machines is obvious. By the same criteria that one might describe an obsessive slot machine player as "addicted", so might one describe a pigeon trained in this way. Gaming machines are potentially addictive and harmful because they may cause a person not pre-disposed towards gambling to become addicted.

**Reference: The Concept of Addiction, Professor Jeffery Gray, Annex G,**  
[www.culture.gov.uk/PDF/gambling\\_review\\_annex\\_a\\_i.pdf](http://www.culture.gov.uk/PDF/gambling_review_annex_a_i.pdf)

## **Specific concerns about gambling**

### Impacts on Children

*'she loves the pokies more than us' ..... young child of gambler*

The Productivity Commission estimates that there are 2.3 million Australians affected by someone's gambling problems. This figure includes 330,000 children. (1999)

The Productivity *Commission* (p7.23) suggests that the children of problem gamblers are affected in many ways, and, lacking the autonomy, maturity, access to help, and power of adult partners, may have less control over the situations in which they find themselves.

When a parent or caregiver has a gambling problem, children can feel forgotten, depressed and angry. They may believe they caused the problem and that, if they are "good," the problem will stop. Some children take care of younger brothers or sisters, or try to support their parent. This responsibility causes children stress.

Children may also believe they must take sides between their parents. They may stop trusting a parent who makes promises he or she doesn't keep. They may steal from the parent or get in trouble at school. Some children may try to draw attention away from the parent with the gambling problem, by:

- using alcohol or other drugs
- gambling
- breaking the law.

It is important to help children understand that the family's problems are not their fault. Children need to return to a safe and balanced home life and a normal childhood. Family or individual counselling can help children deal with these changes.

The GTF notes that the full pre-commitment system features recommended by the Productivity Commission, should:

- Provide a means by which gamblers could voluntarily set personally-defined pre-commitments and, at a minimum, a spending limit, without subsequently being able to revoke these in a set period;
- Allow gamblers to see their transaction history;
- Encourage gamblers to gamble 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 gamblers' 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 GTF strongly supports these measures.

The GTF notes the latest findings in the South Australian pre-commitment trials broadly support the thrust of the Canadian findings, as outlined in the Fourth Progress Report to the Minister for Gambling by the Responsible Gambling Working Party<sup>1</sup>.

Since the completion of the Productivity Commission report the latest findings in the South Australian pre-commitment trials have been released. The results broadly support the thrust of the Canadian findings, as outlined in the Fourth Progress Report to the Minister for Gambling by the Responsible Gambling Working Party<sup>2</sup>.

The GTF notes that the South Australian Working Party identified the following key lessons learnt from the outcomes of the two trials and evaluations (our bolded emphasis added):

- Pre-commitment needs community education and the promotion of its being a tool for all players;
- Pre-commitment may assist players to better monitor spending and keep to limits, including in higher-risk players;
- Limit setting and budget tools are viewed by patrons and some venue staff as being about addressing problem gambling, making a barrier to take-up;
- Patrons move between venues;
- Pre-commitment tools need to be easy to use and understand:
  - Limit options need to be minimal in number; and
  - Education about choosing a personal limit might be useful for patrons (safety net versus typical expenditure).
- For Phase 1 Worldsmart trial patrons (natural take-up) and Phase 2 actively recruited patrons there was a mean net decline in turnover of \$181.50 per person (equivalent to a 31.7% decrease and about ~21.60 spend) with Phase 1 having a slightly higher decrease than Phase 2;
- Human contact is important:

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<sup>1</sup> South Australian Government, Supporting Customer Commitment, Fourth Progress Report to the Minister for Gambling by the Responsible Gambling Working Party, [http://www.treasury.sa.gov.au/dtf/policy\\_analysis/gambling\\_policy/responsible\\_gambling\\_working\\_party.jsp](http://www.treasury.sa.gov.au/dtf/policy_analysis/gambling_policy/responsible_gambling_working_party.jsp), accessed 19 January 2011.

<sup>2</sup> South Australian Government, Supporting Customer Commitment, Fourth Progress Report to the Minister for Gambling by the Responsible Gambling Working Party, [http://www.treasury.sa.gov.au/dtf/policy\\_analysis/gambling\\_policy/responsible\\_gambling\\_working\\_party.jsp](http://www.treasury.sa.gov.au/dtf/policy_analysis/gambling_policy/responsible_gambling_working_party.jsp), accessed 19 January 2011.

- Staff intercepts on breaches may increase effectiveness of technology based pre-commitment;
- Player activity statements need to be simple to comprehend and made readily accessible (web, in-venue, kiosk, receipt-like statement);
- Progress warnings as limits are approached are a useful 'checkpoint' for patrons in relation to limits set. Responsible gambling messaging attached to default limits appear to work (though more research is needed over a longer term):
  - Findings suggest that pre-commitment is possibly a psychological contract and that messaging assists in adhering to that contract;
  - A very small number (20 of 500+) in Phase 3 (Default messaging) chose to remove the responsible gambling messaging with no negative consequences reported by those who chose to retain the messaging;
  - A significant majority reported that the responsible gambling messaging helped them keep to their spend limit and encouraged care with spending; and
  - Players identified that the 50% and 75% limit progress warnings were a useful 'checkpoint' to understand where they were relative to limits set.
- While results highlight positive effects of pre-commitment, higher risk gamblers may be more likely to set higher limits, exceed limits by a higher amount, increase limits and remove limits.

It would appear that the South Australian trials suggest:

- Regular pokie players are highly mobile, most playing in a number of venues
- Gamblers unlikely to sign up to a card type pre-commitment program unprompted
- Less is More. The less options for gamblers, the better
- Information / education alone is not enough to be effective

The GTF notes that the South Australian Minister for Gambling's Responsible Gambling Working Group, will be directly involved in applying lessons from its trials and evaluations as input into a national pre-commitment policy through the Commonwealth Department of Treasury and Finance, and we welcome this.

The GTF fully supports the features of a full pre-commitment system, as recommended by the Productivity Commission.

### **Pre-commitment Strategies** – Productivity Commission report , 2010

*... responsible gambling in a regulated environment is when consumers have informed choices and can exercise a rational choice based on their circumstances. (ALH Group Code of Conduct June 2009, p. 2).*

However, the conditions needed for such informed and rational choices are incomplete, so that the outcomes can be problematic in gambling. As discussed in chapters 4 and 5 (and below), players may:

- \_ have faulty 'cognitions' underpinning their choices
- \_ find it hard to stop playing
- \_ fail to appreciate the risks to themselves ('It might happen to someone else, but not me')

- \_ have their judgment impaired by alcohol (since the main venues offering gambling — casinos, clubs and hotels — also offer alcohol)
- \_ be vulnerable, such as people suffering from emotional or mental health problems.

All of these factors serve as obstacles to genuinely informed choice and ‘safe’ gambling behaviours. (Chapters 8, 9 and 11 make recommendations that partly address these concerns.) A leading Australian researcher in this area has argued that a limited capacity for self-control while gambling is common and problematic:

Impaired ability to control cash and time expenditure during gaming is not about pathology, it is a typical human response that despite all the notices and warnings is commonly reported by almost every other regular player ... If this is taken as a common sense starting point then the obvious question is whether these regular consumers of gaming are getting a fair go? If any other product than gaming were involved then the answer would clearly be “no”. It would be entirely unacceptable for a product to be sold in an automated, emotionally distracting way that resulted in every other regular consumer buying more than they intended. (Dickerson 2003a, p. 2)<sup>1</sup>

<sup>1</sup> Also see Dickerson (1998, 2003b, 2003c) and Dickerson and O’Connor (2006).

### ***Time delay in setting limits***

An effective pre-commitment will enable gamblers to avoid risky and problematic behaviour by allowing them to set enforceable limits in a non gambling environment, prior to commencing gambling. This will allow gamblers to make judgments about how much they can afford to spend when they are in a more rational frame of mind. It provides a barrier to the consequences of loss of control during a gambling session, curbing unaffordable losses in the ‘heat of the moment’. Such ‘loss of control’ is frequently referred to by gamblers accessing gambling rehabilitation services.

- Any pre-commitment mechanism that can be circumvented or exited during a gambling session system at any point of time and keep gambling is ineffective and is unlikely to be of much assistance to those engaging in risky or problematic gambling because of a loss of control during gambling sessions. This point was made by a number of researchers in submissions to the Productivity Commission inquiry.<sup>3</sup>
- It should not be possible to increase a pre-commitment limit for at least 24 hours. The submitting bodies note that 57% of EGM gamblers had trouble staying within their limits and EGM gamblers were more likely than other gamblers to exceed their maximum spend limit and bet size limit.<sup>4</sup>
- A 24 hour wait period to increase a pre-commitment limit, while allowing for a limit to be immediately reduced, is consistent with some existing pre-commitment systems, such as the one operating at Crown Casino in Melbourne.

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<sup>3</sup> Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 10.23.

<sup>4</sup> McDonnell Phillips Pty Ltd, “Analysis of Gambler Pre-Commitment Behaviour”, Gambling Research Australia, June 2006, pp. 13, 15.



### ***Transaction Histories***

Consumer research should be urgently undertaken to determine the most appropriate and useful format to allow gamblers to access their gambling history through the pre-commitment systems.

The GTF considers that such a history would include:

- Being able to view expenditure records on the primary screen of the EGM;
- Being able to print off the expenditure records at a kiosk in the venue (which is already the case for at least one pre-commitment system operating in Queensland);
- Being able to access expenditure records online; or
- Having a statement e-mailed or mailed to them at periodic intervals to an address of their choice.

### ***Default Limits***

The GTF supports the application of default limits that gamblers would choose to opt out of rather than assuming the initial limit is an infinite level of loss and time and requiring the gambler to set themselves an affordable limit.

The balance that should be struck is between setting default limits that are high enough so that for the majority of recreational gamblers they will rarely if ever reach them, but not so low that the default limit would not have an impact on the majority of people engaging in risky or problem gambling behaviour.

If the limit is high enough to avoid impacting on the gambling behaviour of those engaged in affordable recreational gambling, it will reduce any sense of inconvenience for such gamblers. Their only interaction with the pre-commitment system will be to obtain the access device to enter the system and the need to insert the device each time they gamble.

The Productivity Commission provides some data on session spend for gamblers from a number of states in Appendix B. For example, the average session spend for a recreational gambler in Tasmania in 2007 was \$18.20, compared to \$141 for a low risk gambler and \$196 for a problem gambler. Queensland figures were similar for 2006-2007 for recreational gamblers, being an average loss of \$20 per session for recreational gamblers, compared to \$43 per session for low risk gamblers and \$283 for problem gamblers. In South Australia the number of times recreational gamblers lost more than \$50 a session in 2005 was reported to an average of 0.8 times a year, compared to 5.8 times on average for low risk gamblers and 33.4 times for people with gambling problems. Data from Victoria from 2008 found only 8% of non-problem gamblers brought more than \$100 for gambling, food and other expenses when they planned to gamble, compared to 19% of low risk gamblers and 47% of people with gambling problems.<sup>5</sup>

From the above data it would appear that a default limit of \$50 - \$75 a day (given very few gamblers would have more than one session a day) would mean the vast majority of recreational gamblers would not reach such a limit and would therefore not need to change the limit at all. Therefore setting such a default limit will not impact on the revenue generated by recreational gamblers for venues and governments.

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<sup>5</sup> Sarah Hare, *A Study of Gambling in Victoria – Problem Gambling from a Public Health Perspective*, Victorian Department of Justice, September 2009, pp. 175-176.

At the same time, a majority of people with risky or problem gambling behaviours would either need to accept the default limit or change it to what they believed was affordable to them, at least requiring them to consider the affordability of their gambling.

### ***Need for a Central Monitoring System***

The Productivity Commission recommends that a full pre-commitment system requires a central monitoring system.<sup>6</sup> The GTF supports this recommendation because a central monitoring system would enable authorities and researchers to use de-identified data (preserving the privacy of gamblers) to gain insights into gambling behaviour and to monitor the impact of any harm minimisation measures introduced, or changes made by the industry that seek to increase gambler losses.

We note that the Responsible Gaming Network states that its USB key system could be used without a central monitoring system, as the pre-commitment settings and the gamblers spending data could all be stored on the USB key itself. The GTF is firmly opposed to such a system.

### ***Linking Loyalty Schemes and Pre-Commitment***

There should be no capacity for any loyalty scheme to be attached to a pre-commitment scheme. The GTF is of the opinion that loyalty schemes, which are designed to increase gambling activity and, therefore, either deliberately or inadvertently encourage problem gambling behavior.

The GTF notes that the Productivity Commission in Appendix C of its 2010 report identified in some jurisdictions pre-commitment has in reality acted as a mechanism to promote loyalty schemes. The Worldsmart Technology J-card system in South Australia has 32,000 loyalty card members of which 233 had enabled pre-commitment options.<sup>7</sup> While the Simplay system in Queensland had 13,750 patrons signed up of which around 590 had set spending limits.<sup>8</sup>

### ***Further Research***

Further research should be undertaken to ensure that the pre-commitment scheme is functioning as intended to reduce gambling harm.

### ***Appropriate terms of reference for a further Productivity Commission Inquiry***

The GTF considers that the terms of reference for a future Productivity Commission inquiry should include a focus on consumer protection and product safety and have a systemic framework. It has been too easy for government and industry to individualise problem gambling and so avoid any acceptance of responsibility for providing a product which is safe for gambling product consumers.

As the Productivity Commission report 2010 states:<sup>9</sup>

*In other areas when consumers suffer detriment . . . they are referred to as consumers experiencing detriment, rather than 'problem consumers' . . . people fooled by internet*

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<sup>6</sup> Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 10.43.

<sup>7</sup> Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. C.2.

<sup>8</sup> Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, pp. C.9-10.

<sup>9</sup> Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 5.3.

*scams may be naive, poorly educated or just vulnerable but policymakers generally identify the real problem as stemming from the behaviour of the 'suppliers' concerned . . . similarly in many issues of product safety.*

It needs to be remembered that many people with gambling problems have high vulnerability. For example, 35% of problem gamblers have a severe mental disorder, compared to 2% of non-problem gamblers. Groups suffering mental health problems have a higher likelihood of gambling problems and are particularly susceptible to the risky features of EGMs.<sup>10</sup>

The impact of problem gambling on the children of problem gamblers should never be overlooked. Therefore, any terms of reference for a future Productivity Commission inquiry should include the need for child protection.

**Monitoring the impact of reforms to address problem gambling.**

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<sup>10</sup> Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 3.12.