

Australian Churches Gambling Taskforce

SUBMISSION

Joint Select Committee on Gambling Reform

*Inquiry into the Poker Machine Harm Reduction (\$1 Bets and Other Measures)
Bill 2012*

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The Australian Churches Gambling Taskforce welcomes this opportunity to make a submission on the *Poker Machine Harm Reductions (\$1 Bet and Other Measures) Bill 2012*. The Australian Churches Gambling Taskforce is concerned about the social and economic impacts on the community of electronic gaming machines (EGMs), including problem gambling and other harms.

The Taskforce strongly supports the passage of the *Poker Machine Harm Reductions (\$1 Bet and Other Measures) Bill 2012* through Parliament and its implementation into EGM venues as rapidly as possible.

The Taskforce continues to also support:

- The introduction of the ability of gamblers to set themselves enforceable limits on their losses on EGMs (mandatory pre-commitment);
- The introduction of dynamic warnings on EGMs; and
- The removal of ATMs from EGM venues, where the removal will not cause significant inconvenience to the local community due to a lack of alternative ATM or EFTPOS services.

The Taskforce does not see the *Poker Machine Harm Reductions (\$1 Bet and Other Measures) Bill 2012* as a replacement for these other measures.

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1. About the Australian Churches Gambling Taskforce

The Australian Churches Gambling Taskforce (the Taskforce) brings together leaders of the major Christian churches in Australia and the heads of their social services arms nationally. Established in 2011, the Taskforce is united by a commitment to reduce the harms caused by poker machine gambling. Australian churches have a long, proud history of social services provision. Our members are ongoing contributors to the debate on gambling reform, notably through the Productivity Commission reports of 1999 and 2010.

1.1 Objectives

The Australian Churches Gambling Taskforce supports:

- the adoption of a national mandatory pre-commitment scheme that requires gamblers in all electronic gaming venues to set spending limits on high impact (high loss) poker machines;
- \$1 maximum bets on all machines which limit losses to \$120 an hour;
- reduced access to cash in gambling venues as a measure to reduce the opportunity for unplanned expenditure on gambling;
- restrictions on online gambling, including wagering and gaming; and
- improving other consumer protection measures as agreed by the Taskforce

People who provide counselling for problem gamblers rightly focus on the individuals they are working with. The priority is to help individuals and families turn their lives around. There are very few voices focusing on the broader public policy issues such as consumer protection. Poker machine gambling is a risk for around a third of regular users. Prevention is the focus of good public policy with measures in place to help people who fall through the safety net.

1.2 Membership of the Australian Churches Gambling Taskforce

Chair: Rev Tim Costello, Baptist Union of Australia and CEO of World Vision.

Members: Anglican Church of Australia, Anglicare Australia, Australian Christian Churches, Australian Christian Lobby, Baptist Union of Australia, Baptist Care Australia, the Catholic Church in Australia, Catholic Social Services Australia, Churches of Christ, Lutheran Church, Lutheran Community Care, Presbyterian Church, St Vincent de Paul Society, The Salvation Army, the Uniting Church in Australia, UnitingCare Australia, National Council of Churches in Australia, South Australian Heads of Christian Churches Gambling Taskforce, Tasmanian InterChurch Gambling Taskforce, Victoria InterChurch Gambling Taskforce, NSW Churches Gambling Taskforce.

The work of the taskforce is also supported by a number of advisers and academics.

2. Provisions of the Bill

2.1 Section 8

Section 8 of the Bill requires that EGMs:

- Not accept bank notes of a denomination greater than \$20;
- Not accepting additional credits from a gambler if the machine stands in credit to the gambler to the value of \$20 or more;
- Not allowing a maximum bet of greater than \$1 per spin; and
- Not allowing a jackpot or linked-jackpot arrangement greater than \$500.

2.1.1 Restricting Bank Notes to \$20

The Taskforce believes there is strong evidence bank note acceptors have contributed to problem gambling behaviour in the jurisdictions that have allowed them.

A 2001 study by Blaszczyński *et al.* found that limiting note acceptors to \$20 would lead to a 42% reduction in expenditure among EGM gamblers and would not impact on the enjoyment of people without gambling problems.¹ This report was reviewed by an independent group commissioned by the New South Wales Department of Gaming and Racing. The report argued that a 42% reduction in revenue would most likely have an impact on problem gambling and that further investigation into note acceptors was warranted to determine if restrictions on them would be a potential harm minimisation measure.² When a restriction to \$20 bank notes for note acceptors was introduced in Queensland there was nothing like a 42% drop in EGM revenue.

A 2004 study in the ACT found that more than one-third of regular EGM gamblers and one-half of self-identified problem gamblers always used banknote acceptors when playing EGMs. Less than one-in-five self-identified problem gamblers did not use this facility.³ The study also established that EGM gamblers using banknote acceptors on a more frequent basis tended to use larger denominations than those using them only rarely or sometimes. Similarly, regular EGM gamblers and people with gambling problems who used this facility tended to use larger denominations than recreational gamblers.

A study in Queensland investigated the impact of allowing a maximum of five \$20 banknotes being able to be entered into an EGM at any one time. The majority of people interviewed for the study reported no change in their gambling behaviour. A significant proportion (15 – 20%) reported reductions in:

- The amount of money spent on EGMs each visit and each month,
- The size of bets;
- The amount of time spent gambling on EGMs each visit and each month; and
- The frequency of visits to gaming venues.

Furthermore, people in the high-risk to problem gambling group were found to experience the greatest changes in behaviour with approximately 30% to 40% reporting changes in the

¹ Blaszczyński, A., L. Sharpe and M. Walker, "The Assessment of the Impact of the Reconfiguration on Electronic Gaming Machines as Harm Minimisation Strategies for Problem Gambling", University of Sydney Gambling Research Unit, November 2001.

² Tse, S. R. Brown and P. Adams, "Assessment of the Research on Technical Modifications to Electronic Gaming Machines in New South Wales, Australia", Report for New South Wales Department of Gaming and Racing, Sydney, 2003.

³ McMillen, J., D. Marshall and L. Murphy, "The Use of ATMs in ACT Gaming Venues: An Empirical Study", Report for the Australian Capital Territory Gambling and Racing Commission, Australian National University Centre for Gambling Research, September 2004.

amount of money they spent on EGMs per visit and each month, their levels of enjoyment, the frequency of visits, and the amounts of money spent on other entertainment at gaming venues. Although the majority of consumers reported no change in their gambling behaviours, a significant proportion of people reported harm minimizing behaviours, especially in the high-risk to problem gambling group. Interestingly, despite these reported changes there has been no observable long-term effect on the revenue-generating capabilities of EGMs that can be attributed to change in banknote acceptors.⁴

The Productivity Commission noted a 2007 NSW gambling prevalence study in which it was found people with gambling problems inserted notes into machines at a significantly higher frequency compared to other gamblers (84% of problem gamblers versus 54% of low risk gamblers who insert often/always). People with gambling problems were more than eight times more likely to insert \$50 notes into machines compared with EGM gamblers overall (41% to 5%). Moderate risk gamblers also displayed some of these expenditure patterns, but to a lesser degree.⁵

Anecdotally, people with gambling problems report that when EGMs were coin only, the stains left on their hands by handling large volumes of coins acted as a restraint on their gambling.

The Taskforce would strongly prefer the removal of note acceptors altogether in those jurisdictions that currently allow for them, at the very highest allowing for note acceptors that accept \$5 notes. However, a restriction on note acceptors on EGMs to \$20 would be a small step forward in those jurisdictions that currently allow for \$50 notes to be inserted. The Taskforce notes the Productivity Commission recommended that governments “should restrict to \$20 the amount of cash that a player can insert into a gaming machine note acceptor”.⁶

The Taskforce also supports EGMs not accepting additional credits from a gambler if the machine stands in credit to the gambler to the value of \$20 or more, which was a recommendation of the Productivity Commission.⁷ The Commission stated it had formed the view “a cash input limit would have a useful role as a brake on high intensity play by preventing players from loading up EGMs with multiple high denomination notes”.⁸ Further:⁹

The Commission’s assessment remains that a cash input level of \$20 would not have adverse implications for most players who do not have problems with their gambling....

The advantage of a \$20 cash input level is that gamblers who sustain high intensity play would have to reinsert cash continually. This would act as a succession of short breaks in play and would make it clearer to them how much they were spending. It would also require problem gamblers repeatedly to consider whether to continue gambling. And it may irritate them. However, an arrangement that places obstacles in the way of problem gamblers, but not recreational gamblers, is likely to be desirable in helping curb problematic expenditure. It would also help make problem gamblers more visible to venue staff.

⁴ Brodie, M., N. Honeyfield & G. Whitehead, “Change in Banknote Acceptors on Electronic Gaming Machines in Queensland: Outcome Evaluation”, Research and Community Engagement Division, Queensland Office of Gaming Regulation, Brisbane, July 2003.

⁵ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.33.

⁶ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.39.

⁷ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.39.

⁸ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.37.

⁹ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.38.

The Taskforce notes the Productivity Commission also recommended 'note splitters' should not be permitted where the denomination of the note acceptor is \$20 or less, as they are likely to undermine any harm minimisation benefits of low denomination note acceptors.¹⁰

2.1.2 \$1 Bet Limits

The 1999 Productivity Commission report pointed to bet limits on EGMs as a possible measure to reduce problem gambling. At that time, the Productivity Commission found that on average, people with gambling problems staked \$1.62 per button push compared to 57 cents for non-problem gamblers¹¹.

Canada has a maximum bet limit of C\$2.50 on Video Lottery Terminals. New Zealand has a maximum bet limit of NZ\$2.50 for machines outside of the casinos.¹²

Research commissioned by the gambling industry in 2001 found that only 3.5% of EGM gamblers bet above \$1 per button push. Of people without gambling problems only 2.3% bet over \$1 per button push, while 7.5% of people with gambling problems bet over \$1 per button push¹³. The report concluded that a bet limit per button push of \$1 would be "a potentially effective harm minimisation strategy for a small proportion of players."

The 2006 study by the SA Department for Families and Communities found that at risk gamblers were far more likely to increase their bet size to chase losses than recreational gamblers. The majority of gamblers (81.4%) did not increase their bets when they found themselves losing while gambling on EGMs. However, 10.2% did increase their bets, either sometimes, often or always. This compares to 48.6% and 34.4% respectively, of moderate and high risk frequent gamblers who increased their bets when they find themselves losing.¹⁴

The report commissioned by Gambling Research Australia into pre-commitment recommended bet limits should be a key priority in assisting people in keeping their pre-commitment decisions.¹⁵ The research found that 12% of EGM gamblers "often" or "always" used maximum bets to influence their win rate.¹⁶ EGM gamblers, including people with gambling problems, reported that avoiding high or large bets was a more effective strategy to keep within their pre-commitment limits.¹⁷

The Taskforce notes that a \$1 bet limit was recommended by the Productivity Commission in their 2010 report on the gambling industry (Recommendation 11.1), to be phased in between 2012 and 2016.¹⁸ In their view "The important point remains that if few players bet above \$1 per button push on average, and they are more likely to be problem gamblers, it becomes difficult to justify a bet limit much above that level, in the view of the harm that problem gambling generates. Put another way, there would be little harm to most players from a

¹⁰ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.39.

¹¹ Productivity Commission, "Australia's Gambling Industries", Report No. 10, AusInfo, Canberra, 1999, p. 16.80.

¹² Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005.

¹³ Blaszczyński, A., L. Sharpe and M. Walker, "The Assessment of the Impact of the Reconfiguration on Electronic Gaming Machines as Harm Minimisation Strategies for Problem Gambling", University of Sydney Gambling Research Unit, November 2001, pp. 10-11.

¹⁴ SA Department for Families and Communities, *Gambling Prevalence in South Australia*, 2006.

¹⁵ McDonnell Phillips Pty Ltd, "Analysis of Gambler Pre-Commitment Behaviour", Gambling Research Australia, June 2006, p. 14.

¹⁶ McDonnell Phillips Pty Ltd, p. 24.

¹⁷ McDonnell Phillips Pty Ltd, "Analysis of Gambler Pre-Commitment Behaviour", Gambling Research Australia, June 2006, pp. 29-31.

¹⁸ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, pp. 11.29 – 11.30.

significant reduction in the maximum bet limit, and a considerable reduction in harm for some.”¹⁹ The Productivity Commission estimated, from Queensland gamblers data from 2006-2007, that only 12% of recreational gamblers bet at \$1 or more a button push, compared to 50% of problem gamblers.²⁰

The Productivity Commission correctly dismissed the speculative argument made in EGM industry submissions that a reduction in bet size would result in people with gambling problems losing the same amount of money by increasing the length of their gambling. The Commission took the view that “while it is likely some gamblers would play for longer, it is improbable that this effect would be so great as to nullify the impact of the reduced bet limit.”²¹

2.1.3 Linked Jackpots

Existing research has shown that linked jackpots encourage problem gambling behaviour, encouraging EGM gamblers to spend more than they otherwise would in the hope of a large win. A 2000 Victorian Department of Human Services report on the impact of gambling on women found that jackpots influenced the amount of time and money spent and on the frequency of gambling on EGMs.²²

The September 2009 Victorian Government commissioned *A Study of Gambling in Victoria. Problem Gambling from a Public Health Perspective* found linked jackpots increased the risk of problem gambling behaviour. People with gambling problems were 75 times more likely to be influenced by linked jackpots compared to non-problem gamblers.²³ At the same time, 84% of all gamblers said linked jackpots did not influence their gambling behaviour. However, 17.8% of people with gambling problems reported that linked jackpots were a significant influence on their gambling behaviour and in total 53% of people with gambling problems indicated that linked jackpots influenced their behaviour compared to just 6% of non-problem gamblers. Large jackpots were one cause of binge gambling.²⁴

The August 2009 Victorian Government commissioned *Impact of changes to Electronic Gaming Machine characteristics on play behaviour of Recreational Gamblers* found there would only be a small decrease in enjoyment, frequency of EGM gambling, level of spending and session length for non-problem gamblers if linked jackpots were abolished.²⁵ Thus, restricting the use of linked jackpots would not have any significant impact on the enjoyment of recreational EGM gamblers, with only 16% reporting that being only able to access linked jackpots across a small number of EGMs would decrease their enjoyment.²⁶

The Productivity Commission noted linked jackpots may exacerbate the tendency of people with gambling problems to chase losses.²⁷ They pointed out that progressive linked jackpots

¹⁹ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.11.

²⁰ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.12.

²¹ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.19.

²² Victorian Department of Human Services, “Playing for Time. Exploring the Impacts of Gambling on Women”, Melbourne, March 2000, p. xiii.

²³ Sarah Hare, “A Study of Gambling in Victoria. Problem Gambling from a Public Health Perspective”, Victorian Department of Justice, September 2009, p. 149.

²⁴ Sarah Hare, “A Study of Gambling in Victoria. Problem Gambling from a Public Health Perspective”, Victorian Department of Justice, September 2009, p. 182.

²⁵ “Impact of changes to Electronic Gaming Machine characteristics on play behaviour of Recreational Gamblers”, Victorian Department of Justice, August 2009, pp. 3-6.

²⁶ “Impact of changes to Electronic Gaming Machine characteristics on play behaviour of Recreational Gamblers”, Victorian Department of Justice, August 2009, p. 57.

²⁷ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.50.

undermine a key harm minimization message about the randomness and independence of EGM games.²⁸

2.2 Section 10

Civil penalties are imposed in Section 10 of the Bill, up to 2,000 penalty Units. The penalty applies for each day the contravention occurred.

The Taskforce supports Section 10 of the Bill to ensure that there are sufficient penalties for gaming machine manufacturers and venues that knowingly, recklessly or intentionally violate the requires of Section 8 of the Bill. The penalty needs to be high enough to ensure it is not possible to violate Section 8 of the Bill and profit from the violation. If the penalty is too small it might be possible for a venue to decide it is possible to violate the provisions of the Bill and still profit, even after the application of the penalty.

2.3 Section 12

Section 12 of the Bill requires the Minister to, in consultation with the Council of Australian Governments and the Ministerial Council of Gambling, develop a minimum uniform national standards for poker machines that encompass harm minimisation best practice, with particular reference to maximum losses. It also requires the establishment of a national poker machine network.

The Taskforce supports a uniform national standard for poker machines that encompass harm minimisation best practice.

The Taskforce notes that the establishment of a national poker machine network would make it easier to introduce some nationally uniform harm minimisation and consumer protection measures, such as pre-commitment and dynamic warnings.

²⁸ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 11.50.