

Responsible Gambling Advocacy Centre

Submission to the Joint Select Committee on Gambling Reform
Inquiry into the design and implementation of a best practice full
pre-commitment scheme for Australia

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1. INTRODUCTION

1.1 The Responsible Gambling Advocacy Centre (the Centre) is an organisation which was established in early 2010 to build the capacity of the community to make informed choices about gambling and to promote responsible approaches to gambling.

1.2 It was incorporated as a Company Limited by Guarantee in February 2010 with the sole member of the company as the Minister for Gaming in the State of Victoria. The Minister appointed an independent Board who recruited a Chief Executive Officer to lead the operations of the organisation. The Centre began its operational work in May 2010. Part of establishing the work program for the Centre has been conducting extensive discussions with participants in the gambling sector, including individuals who are not affiliated with any particular body or organisation.

1.3 This submission draws on the consultation, analysis and research the Centre has conducted. It puts forward perspectives and recommendations with regard to the introduction of a best practice full pre-commitment scheme in Australia in relation to Electronic Gaming Machines (EGMs) and possibly other forms of gambling.

1.4 The Centre's position is based upon concerns for consumer rights, preferences, choices and protection. It rests on a philosophy of harm minimisation in relation to problem and at risk gamblers. It is also cognisant of the social and economic costs irresponsible gambling imposes on the community; and the importance of not allowing rewards flowing to specific interests to be subsidised by costs incurred by society or the state. Taking account of these concerns and contributing to a balance being struck between them, is the aim of the Centre in this submission.

2. THE CENTRE'S POSITION ON FULL PRE-COMMITMENT

2.1 Definition

Pre-commitment refers to a system enabling a gambler to set limits on how much they will spend or how long they will play – *before they start gambling*. The Productivity Commission called this 'informed consent' and noted it is a critical part of strategies to encourage responsible gambling. In crucial support of this it noted the point made by a researcher that:

“loss of control is the common and expected outcome of the interaction between human beings and contemporary forms of continuous gambling.”¹

The aim of pre-commitment is for people to be able to make informed decisions about their gambling. Decisions made while a gambler is in an impaired state may mean they spend a lot more money than they intended, or play for a much longer period of time.

2.2 Purpose of pre-commitment

While much of the focus concerning pre-commitment is on protecting problem gamblers and the other people whose lives they impact upon, the Centre perceives the issue as having a wider relevance than this to the community. Pre-commitment is just one tool for dealing with problem gambling. Those with a severe

¹ Productivity Commission *Report on Gambling* Vol.1 2010 p.10.4

gambling problem need help in many other ways; counselling support and exclusion from access to gambling being two of the most important. The Centre views pre-commitment as a method for giving *regular gamblers* more control over their use of gambling machines and other gambling activities and therefore also keeping gamblers safer than they would otherwise be.

2.3 Full pre-commitment as a positive for consumers

2.3.1 Protecting gamblers as consumers

The Centre notes that many regular gamblers will at times exhibit symptoms of moderate problem gambling. Research indicates that responsible gamblers might still sometimes play irresponsibly on EGMs and later deeply regret their behaviour. EGMs are, after all, designed to entertain you by encouraging you to keep playing, and playing means paying. However, paying more than you can afford or budgeted for, can create problems for anyone.

The Productivity Commission noted research that around 70 per cent of EGM players reported that they sometimes exceeded their spending limits; 12 per cent did so often or always.² A recent Australian report, based on observational analysis and interviews, found 12 to 16 per cent of players exceeded their spending pre-commitment in a single session. Moreover, many of these apparently had faulty recall of their commitment with only 7 per cent actually reporting they had overspent.³

The Productivity Commission noted that players reported it was harder to stick to their limits on EGMs than in other forms of recreation, including consuming alcohol.⁴ Further, it was the non-problem gamblers that were identified as accounting for around half of those 'often or always' experiencing control problems.⁵

For many people, an unplanned loss of money can create stresses and problems that may also impact on others in their circle or, in serious cases, the community generally. The effects of severe problems can include family breakdown, neglect of children and increases in crime.⁶

Another aspect of the problems EGM gamblers have over controlling their spending is the actual monitoring of how much they spend. The Productivity Commission's report noted that many gamblers had poor recall of actual losses.⁷ The Centre recently received an account of a survey of senior citizens who were given a courtesy bus trip to Crown Casino. Many had spent more than they intended and the cost of overall, when calculated, surprised them considerably.⁸

A sensible position resting on the principle of consumer protection would give everybody a default limit in their spend or a limit they could adjust periodically. This choice would be made away from the activity of

² Productivity Commission Report on Gambling Vol.1 10.6

³ Schottler Consulting, *Factors that influence gambler adherence to pre-commitment decisions*, for Gambling Research Australia 2010 p.8

⁴ Productivity Commission Report on Gambling Vol.1 10.6

⁵ Productivity Commission Report on Gambling Vol.1 4.10-4.11

⁶ Hayden Brown, *A Review of Gambling-Related Issues*, City of Greater Dandenong 2010 pp.16-17. See also Y. Sakurai and Russell G. Smith, 'Gambling as a Motivation for the Commission of Financial Crime', *Trends and Issues in Crime and Criminal Justice* No.256 Australian Institute of Criminology June 2003. For a recent high profile example of such costs see 'Swans Star in Jail for Fraud' Herald-Sun 7 December 2010.

⁷ Productivity Commission Report on Gambling Vol.1 10.5

⁸ A short item on this can be found at

<http://info.ceh.org.au/link/id/95843294c21622aaeecaPdfc1d550977449dfe011/page.html> (accessed 21/1/2011) The survey was conducted in 2010 by BCHS Gambler's Help Northern.

playing the actual game. The system should also provide consumers with an as-they-go report on their spending, thus adding an additional layer of consumer awareness and protection.

2.3.2 Making choices

In general discussions with groups and individuals, the overwhelming majority have stated to the Centre that they expect government to play a role in protecting the community from harm, including from harm while gambling. However, they also wanted this to be at a level of regulation that still allows some choice. For instance, they were opposed to an activity that was previously legal being totally outlawed for adults. This tallies with the Productivity Commission's statement:

“few regard government as the appropriate arbiter for determining people's exact spending levels of goods, even those deemed to have undesirable effects – this many cigarettes, that many sweets, this much gambling or alcohol.”⁹

The evidence shows that under voluntary conditions the take up of pre-commitment options is relatively low. However, trials of voluntary pre-commitment reveal that those who did take it up continued using it and mostly exercised improved control over their spending.¹⁰ There are clearly benefits to nearly all consumers in using pre-commitment, and they are achieved at minimal cost or inconvenience to consumers once they are in the system.

Getting people to make the step to pre-commitment is a problem and is why reliance on a voluntary system is likely to yield much lower benefits in terms of consumer awareness and protection and harm minimisation. Barriers to take-up have been identified as status quo bias, the tendency for people to prefer continuity over change, and also perceived stigma; users feeling they would be seen as having a 'problem'.¹¹ A universal system, by normalising the use of pre-commitment, overcomes both of these obstacles.

Recent evidence also shows that while setting self-imposed limits is a common strategy for those who gamble responsibly, holding to self-imposed limits is difficult for those for whose gambling is a problem or, just as importantly, in danger of becoming one.¹²

2.3.3 Pre-commitment as enhancing choice and as harm minimisation

The Centre believes that the requirement of a one-off pre-commitment gateway to gambling, that covered all users in all venues, would assist and enhance a strategy that many recreational and regular gamblers are already using. Crucially, it would also provide valuable support to inexperienced and at risk gamblers – an

⁹ Productivity Commission *Report on Gambling* Vol.1 10.37

¹⁰ *Supporting Customer Commitment, Fourth Progress Report to the Minister for Gambling by the Responsible Gambling Working Party* Government of South Australia August 2010 pp.41-3; Omnifacts Bristol Research *Novia Scotia Player Card Research Project 3rd Stage Report* January 2007 p.22ff

¹¹ Productivity Commission *Report on Gambling* Vol.1 10.21; *Supporting Customer Commitment, Fourth Progress Report to the Minister for Gambling by the Responsible Gambling Working Party* Government of South Australia August 2010 p.7; Omnifacts Bristol Research *Novia Scotia Player Card Research Project 3rd Stage Report* January 2007 p.ii

¹² A recent report to the Victorian government notes that responsible gamblers and those with problems use self-regulation (setting themselves limits) and recall of past costs as a strategy, but for those with problems, reliance on willpower works far less well. Anna Thomas et.al., *Problem Gambling Vulnerability*, Final Report to Victorian Government August 2010 see p.xvff

effective harm minimisation strategy. The setting of limits and the calculation of spending by use of technology is a step toward placing all gamblers within a responsible gambling environment.

In striking the balance between consumer choice and consumer protection, the Centre argues that the best middle point is a full pre-commitment system with default limits that also allows the choice of re-setting these limits to match the individual's own preferences.

2.3.4 Pre-commitment as sound public policy, useful comparisons

Useful analogies with the current proposals on pre-commitment can be made by noting the introduction of compulsory seat belts in cars and consumer preferences regarding mobile phone use.

2.3.4.1 Seat belts

It was clear from the evidence that seat belts would save lives and reduce injuries. However, in a world that preferred maximised choice authorities might have striven only to make seatbelts compulsory in certain cars and for certain people (changing at different points in their lives no doubt). The cost of such policy would have included: increased and on-going research efforts in locating those most at risk and in regulating directly for them and; fatalities and injuries that occurred to those outside the targeted group.

The most effective and efficient decisions from the point of view of public cost and individual well-being were however, first the fitting of compulsory seatbelts and second, as the benefits became almost immediately obvious, making them compulsory to wear. The incursion on consumer choice, pilloried at first as an onerous cost to individuals and the car industry, later came to be seen as slight in comparison to the harm reduction. If the results had not been so successful it would have been easy to reverse the policy.

2.3.4.2 Mobile phones

Another useful analogy can be found in the changes to purchase and pricing systems related to mobile phones. Australia has taken up this technology to a huge degree and the complexity and choice in pricing notoriously created consumer hardship when it came to receiving and paying huge bills. In response to consumer advocacy, pre-paid and expenditure warning systems were developed so people could be more aware of their commitments and spending.

The virtues of a full pre-commitment system can be likened, from a consumer point of view, to a system of self-chosen caps on mobile phone spending and accompanying warnings when the cap is being approached. Phone plans with caps or pre-paid phones have been two approaches developed by industry and used by consumers to deal with this problem. In both cases the choice of spend is not made while engaging in the actual use of the mobile phone.

The metaphor is not a full one of course; mobile phones have many uses in life other than entertainment so an enforced limit, as opposed to warning one is reaching the limit, is not practicable for many people. Also, mobile phones usually do not cost more than a \$1 a minute to use, which makes them much cheaper than almost any EGM. However, in both cases the intention is to avoid unexpected and potentially ruinous costs to consumers.

2.3.5 Conclusion – Centre’s position on pre-commitment

The legitimate purpose of EGMs is to provide entertainment for consumers and the Centre argues that a full pre-commitment system will provide consumers with both more control and awareness, thus providing an improved and safer service.¹³

2.4 The Productivity Commission and federal government

The Centre largely agrees with most of the recommendations of the Productivity Commission’s *Report on Gambling* concerning Australia moving to a full pre-commitment scheme.

We have some reservations regarding the incorporation of pre-commitment with loyalty schemes, which will be discussed below.

We also think that any further experiments with limited or voluntary schemes, as envisaged by the Commission’s recommendation 10.4, are of very little use in adding to the evidence that already clearly suggests that pre-commitment has benefits and it is in full pre-commitment that these benefits would be much more fully realised.¹⁴ Therefore, from a consumer protection point of view, we think the time has already come to act. We do accept that a short period of trials will be useful in testing technology(s) for effectiveness, efficiency and ease of use.

In light of the above we welcome the acceleration of the move to an Australia-wide full pre-commitment system that the federal government has set in train. The existing research, analysis and evidence all strongly point to the advantages given to regular gamblers through access to a pre-commitment system. Moreover, a mandatory system is the best way to maximise pre-commitment’s harm minimisation benefits and the consequent positives that will flow to the general community from those benefits.

3. THE DESIGN OF THE TECHNOLOGY – MATTERS FOR CONSIDERATION

The Centre does not claim a high level of expertise in the technology available. However, in our research and consultations we have covered a great deal of the literature on the options that are currently in use or being put forward as solutions. We do not feel qualified to specifically endorse any one technology but do offer the following recommendations for criteria that the technology chosen should meet. These recommendations are based on our analysis of the research and consumer perceptions we have collected as part of the general work of the Centre.

3.1 Recommendation 3.1

The technology used by consumers should be one familiar to consumers.

The move to a mandatory pre-commitment system will require consumers to make a change in the way they use pokies. While it will have benefits, they will not be immediately obvious to many, so some resentment is inevitable. Moreover, interests that fear a reduction in their revenue from a decrease in

¹³ An exception could be made, as suggested by the Productivity Commission, relating to very low cost low value EGMs for casual gamblers.

¹⁴ This point was clearly recognised by the Productivity Commission from their survey of the research. Productivity Commission *Report on Gambling Vol.1* 10.22-23. Notably the focus groups in the Nova Scotia research also strongly favoured making the system mandatory when asked how it could be improved. Omnifacts Bristol Research *Nova Scotia Player Card Research Project 3rd Stage Report* January 2007 p.42

problem or irresponsible gambling can be expected to attempt to stoke that resentment. This context suggests that the transition to the system should therefore be made as painless as possible. Customers should experience a minimum of imposition in the changeover.

Using technologies that are already familiar to consumers and that are easy and unobtrusive to carry will be best. Pre-commitment technology will do better to follow technological change than try and lead it. This is because the incentives to learn to use new technologies will be stronger for members of the public in areas of their life other than gambling. For example, use of mobile phones as access passes and money storage devices is already occurring and will likely increase. As this use of the technology matures so will consumer acceptance of it for use in other ways, such as for pre-commitment.

3.2 Recommendation 3.2

That the technology be easy to use.

Ease of use relates both to the familiarity with the technology referred to above but also to the software interface. Choices offered should be clear and not too numerous. Multiple menu pages should be kept to a minimum. Simple categories such as “my spending limit” “my time limit” “my win/loss report” “self-exclude me for...”, “remind me when” should be sufficient and easily within the capabilities of simple technology.

3.3 Recommendation 3.3

Consumer sovereignty should be respected.

Consumer sovereignty should be respected. Information should be available through the interface on what the technology can do and what the choices mean. It should avoid lecturing or nudging consumers in their choices.

3.4 Recommendation 3.4

That the technology and standards should be future proof.

The demand for future proofing might seem to be in contradiction with the recommendations for simplicity above. But it refers not to the technology that the consumer will carry at the introduction of the scheme, but to the technology and software standards that are to apply universally in Australia. For example, there should be standard protocols for two way communications with all machines, a universal operating system or system base for any centralised aspect of the pre-commitment system, and so on.

Nearly all machines currently have, or can be easily modified, to take cards, USB sticks and the like. However, it already seems not unreasonable to expect that within ten years the spread of smart phones and wireless technologies will mean that phones may be viewed as the most simple and familiar technology and cards as a quaint anachronism. The adaptability of underlying software choices and standards for machine communication are very important in terms of both efficiency and efficacy.

The Centre contends that expert opinion from independent technology experts or ‘futurists’ would be most useful in assisting the committee in this area.

3.5 Recommendation 3.5

That the technology carried by the customer should be the only place where the customer's preferences and identifying information are stored.

Australians have historically shown themselves to be sensitive to privacy matters, especially in matters relating to their personal finances or to government. While many will give a raft of personal details to commercial providers in return for services a government mandated service is a different matter. As citizens in a democratic country Australians are entitled to privacy considerations.

The Centre would add that being able to see the privacy embodied in the form of technology will make acceptance and take-up of the scheme easier. A technology where access to the data and their personal identity is only possible with their enablement, because they have both the data on their person and the password, PIN or fingerprint in their sole possession, will provide both reassurance and protection.

3.6 Recommendation 3.6

That the technology carried by the customer should be secure.

In obvious accord with 3.5 is that the device used by the consumers, as well as the system governing the machines, be as secure as practicable. Biometric technologies offer possibilities here, while the simple PIN number is an example of the familiar technology referred to in 3.1. A good rule of thumb may be to match the level of security with that offered by banks to customers accessing their accounts electronically.

3.7 Recommendation 3.7

That the technology can be remotely cancelled.

A key part of an effective pre-commitment system is that each person can only hold one pre-commitment technology, card or other, at a time. For this reason the system needs to be able to remotely cancel any card or other technological device reported as lost or stolen.

3.8 Recommendation 3.8

Enable collection of information independent of identity.

This last recommendation is one that only works if the previous recommendations concerning privacy and security are rigorously adhered to. The system by which information is collected for analysis must be very secure, and clearly so in terms of both technology and regulation.

The collection of information about gambling behaviour is something the gambling industry takes very seriously because attracting and improving revenue flows is a (or in the case of commercial operators, the) central rationale.

As the Productivity Commission points out, this is perfectly legitimate where responsible gamblers are involved.¹⁵ If such consumers can be persuaded to choose to spend more of their money on gambling as an entertainment than on alternative entertainments, this is just a normal aspect of life in a market economy. But the Productivity Commission also noted the duty of care of government. For example, where those with moderate or severe gambling problems are concerned, and when they might also have co-morbidity,

¹⁵ Productivity Commission Report on Gambling Vol.1 See eg. Chs 4 & 6
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such as alcoholism, depression or a mental illness, how the product/service is sold becomes a matter for government as part of its duty of care to Australians as both consumers and citizens.

Research into patterns of gambling for harm minimisation purposes, for identification of patterns in problem and responsible behaviour, and for the sound public policy purpose of effective evaluation of the pre-commitment scheme, make the collection of information from EGMs on player behaviour highly desirable.

The Centre therefore supports the collection of information but is also of the opinion that it is very important that customers are assured that data collected will not be capable of being matched with their identity. This position follows the same logic expressed in recommendations 3.5 and 3.6.

4. THE DESIGN OF THE SYSTEM – MATTERS FOR CONSIDERATION AND RECOMMENDATIONS

In this final section we offer discussion and recommendations for the overall design of the system. As with the technology, the Centre is not in a position to offer detailed expertise on the finer aspects of the roll-out, but can offer recommendations on the criteria that would support what we would argue would be best practice. That is, practice that strikes a balance between consumer protection and general consumer interests alongside the public good and costs and benefits for the general public and stakeholders.

We present this discussion in the form of questions and answers that serve as recommendations. These questions relate to how consumers would use the system.

4.1 Should there be a default on the system?

Evidence suggests that an opt-out system always works better in terms of participation than an opt-in system.¹⁶ If there was no default setting a sizable amount of compromise to efficacy of the pre-commitment system would occur from the beginning. The Centre suggests that therefore:

Recommendation 4.1a

A default setting should be in place when the system is joined, built into the card, USB drive, tag or other technology.

Recommendation 4.1b

The first time the default setting is altered the change should apply immediately.

4.2 Should users be allowed to modify their limits?

The Centre believes that users should be allowed to modify their limits. Asking users to set irrevocable limits means that limits are often set higher than they otherwise would have been, and this effect is even more marked in those with gambling problems. Thus while an irrevocable limit might appear an attractive tool, it may actually be counter-productive from the point of view of protecting consumers.

¹⁶ Productivity Commission Report on Gambling Vol.1 10.3, Vol.2 C.9; Also see, *Report Queensland Card-based Gaming Trials*, Office of Regulatory Policy Department of Employment, Economic Development and Innovation July 2009 p.24; Omnifacts Bristol Research *Novia Scotia Player Card Research Project 3rd Stage Report* January 2007

Research to date strongly suggests that time delays in changes strike the best balance between providing choice, providing protection, and supporting harm minimisation. Therefore we recommend:

Recommendation 4.2

That with the exception of the first setting of limits all increases in limits must take a minimum of 24 hours to take effect.

4.3 How should users be able to modify their limits?

There is some debate over whether players should be able to use an interface on the machines to change their pre-commitment preferences. At first glance this would seem illogical, given the underlying reasoning of pre-commitment being to allow customers to separate decisions about how much to gamble from the actual gambling activity. However, from a responsible gambling point of view, decreases in limits while playing would present no danger and could be seen as a responsible choice.

The Centre therefore supports the idea that:

Recommendation 4.3a

Gamblers should only be able to increase their settings at a separate place from the gaming machine.

This could be a kiosk located away from the gaming machines (a similar rule to that in Victoria in relation to Automatic Teller Machines and gaming venues) or could require attending a separate location entirely.

However, we acknowledge that cost factors, including who pays for the separate infrastructure, may be a negative factor here.

Therefore, if, for reasons of cost, gamblers are able to use the EGM interface to change their limits then it should only be if Recommendation 4.2 is in effect. This will at least create a time separation for the consumer from the gambling activity.

Regardless, it is imperative that gamblers have places well away from gambling centres where they can make alterations to their settings. This might mean automated kiosks in shopping centres or, if the technology allows, being able to use a personal computer.

Recommendation 4.3b

Gamblers should be able to modify their settings and access their information in places other than gambling venues.

4.4 How and under what criteria should access technology be issued?

4.4.1 The system should work to give adult customers access to gambling facilities and improve their control in a personal and private manner. For this reason the system will need proof of identity for each person requesting an access card or other technology. This will have the benefit of preventing minors accessing the system and make it difficult for the system to be circumvented via stolen, swapped or multiple cards or other technology.

4.4.2 A universal register should hold details of the card or other technology number and the identity of the card holder. However, it should not hold any other information that was on the card or other

technology (an exception might be made regarding self-exclusion information, see 4.6 below). A pre-commitment device reported stolen or lost could be replaced and the old one remotely cancelled.

4.4.3 To circumvent those with a gambling problem reporting lost devices to gain another device, a time limit equal to that applied to increasing limits should apply to when the new device was issued (for example, it would not work for a minimum of 24 hours).

4.4.4 Other protocols to be applied to replacement cards could include a limit on the amount of lost cards (no more than two replacement cards a month for example) or a replacement cost charge, or both.

Recommendation 4.4a

A universal register of those with the card or other technology should be kept to ensure that only those legally entitled to the card or other technology are issued it and that each person only has one at a time.

Recommendation 4.4b

Access to the card or other technology should require an identification check as per similar legal requirements, for example, 100 points of identification. Rules for the replacement of lost cards might use more relaxed criteria, such as a current driver's licence.

Recommendation 4.4c

Replacement cards or other technology should take as long to activate as the time applying to increasing limits.

4.5 What pre-commitment features should the system have?

Recommendation 4.5

Based on the research that has been done into pre-commitment and on impressions we have from talking to consumers and other stakeholders the Centre believes the following features represent a minimum standard:

Choices to set daily, weekly, or monthly spend limits

Choices to set daily, weekly or monthly time limits

Choices to set times not to be able to play

Choices to set pop-up warnings and interruptions to play based on spending or time limits

Choices for self-exclusion by days, weeks, months or years

Access via the EGMs and elsewhere to a summary of net expenditure by session, day, week, month and year.

4.6 Should self-exclusion be a special case?

4.6.1 Improving the capacity for self-exclusion is a major benefit of implementing a full pre-commitment system. Exclusion is a key tool for dealing with severe and moderate problem gambling behaviours. The policing of self-exclusion has been a major issue in Victoria. Both the number of venues and the lack of

identification required to enter them makes monitoring the success of this policy difficult. While venues can refuse major pay-outs to self-excluded patrons, it does not stop them actually gambling, it just provides a disincentive.

4.6.2 Self-exclusion as a feature of full pre-commitment will pose substantial barriers to problem gamblers whose resolution has weakened. Machines will not actually work for them and venues will be relieved of the burden of having to identify them. It is to be expected that this system will not be completely fool-proof; swapped or stolen cards could be used but the leakage in efficacy would be much smaller than under present systems.

4.6.3 Because self-exclusion is primarily a tool for those who perceive they have a serious gambling problem the Centre suggests it presents as a special case and should have special rules applying. The evidence developed to assess symptoms of problem gambling suggests that those who self-exclude for a week or more are likely to have a gambling problem. Attempts by them to reduce their period of self-exclusion can confidently be interpreted as a warning signal.

We therefore recommend that decreases in lengths of self-exclusion should be less accessible than the changing of other limits. Those wishing to do so should need to make a personal contact, preferably with someone with skills in gambling problems or who can refer them to a counselling service. Moreover, a substantial cooling off period, for example half of the time remaining on the exclusion, or 24 hours, whichever is greater, should apply.

The system could be made even stronger if a self-exclusion decision did register on a central system. This would mean that simply reporting the technology as lost would not enable the user to elude the consequences of their earlier decision. This does come at a cost of privacy and might be a disincentive to exercising a self-exclusion option. A middle way through this dilemma would allow the consumer to choose to activate a central reporting option when setting their self-exclusion limit.

Recommendation 4.6a

Decreasing self-exclusion time should require the user to engage in a face-to-face interchange with someone not at a gambling venue or associated with one. That person should either possess expertise in counselling or the ability to refer the user to counselling.

Recommendation 4.6b

Any decrease in exclusion time should only be equal to half the original exclusion time remaining or 24 hours, whichever is greater.

Recommendation 4.6c

Those users choosing the self-exclusion option should also have an option of this being centrally registered against their name.

4.7 Should loyalty schemes be capable of being merged with the pre-commitment system?

The Productivity Commission suggested this as an incentive to players and venues to take up the system.¹⁷ Now that government has pledged itself to a full pre-commitment system the Centre finds this reasoning redundant.

There is a logical conflict between the purpose of a loyalty scheme, which encourages players to spend, and a pre-commitment scheme, that serves to allow players to control their spending. Therefore it makes no sense to combine the two. Moreover, from the point of view of customer privacy a system that links their pre-commitment choices to information collected through a loyalty scheme is fraught with moral hazard.

Recommendation 4.7a

That the pre-commitment system technology and information should be kept separate from any loyalty systems.

Recommendation 4.7b

That venues be forbidden from offering any inducements whatsoever to patrons to increase their pre-commitment limits.

4.8 Should different rules apply for Casinos and other venues in regard to the pre-commitment system?

In Victoria and in other parts of Australia, Casinos have been able to run their gaming under different rules from all other venues. They have enjoyed government protection from competition, different and preferential tax rates and even different legal interpretations of the same technology.¹⁸

In the case of full pre-commitment, which requires a universal system from the standpoint of the best interests of consumers, there is no reason to treat Casinos differently and every reason to treat them the same as other venues. Moreover, the much greater financial capacity of the Casinos, reflected in their infrastructure, means they are probably more capable of switching to a full pre-commitment system than most other venues.

Recommendation 4.8

That Casinos be treated in exactly the same manner as major venues with regard to the regulation and application of the pre-commitment system.

4.9 Should there be any exceptions to the pre-commitment system?

4.9.1 The Centre agrees with the Productivity Commission that a small number of low spend machines be available to casual gamblers without the need to join the pre-commitment system.

4.9.2 The research literature on gambling usually makes a distinction between casual (sometimes called recreational) gamblers and *regular* gamblers, who include both responsible gamblers and those with

¹⁷ Productivity Commission *Report on Gambling* Vol.1 10.26, 10.35

¹⁸ For example, in Victoria, where the Casino is controlled by a different act to other venues it was decided that multi-terminal gambling machines (MTGMs) that mimicked table games such as roulette would be called Automated Table Games if they were in the Casino but MTGMs in other venues. In the Casino they did not count as EGMs but in venues each terminal counts as a single EGM.

gambling problems. The Productivity Commission noted that the casual gamblers were not the main expenders of money on EGMs and it also followed that they were the group, apart from non-users, who could be most discounted from needing protection.¹⁹ Nonetheless, we feel that some protection should be afforded to these customers via limitations on any machines excluded from pre-commitment rules.

4.9.3 Since these machines are not for the use of regular gamblers we do not envisage a need for many of them, particularly in larger venues in major towns and suburbs. We would suggest that the number of no more than 20 per cent of machines in any one venue being outside the pre-commitment system where the total number is under 100 and no more than ten per cent for those with more than 100. This setting should be reviewed when the pre-commitment scheme is evaluated.

4.9.4 Overall, we would expect most venues would have less use for such machines because their revenue value would be comparatively low. However, setting these limits provides a flexible range of choice for management to tailor the mix of machines to its customer mix. For smaller towns where tourism or passing trade is a major source of expenditure the full 20 per cent may be appealing.

Recommendation 4.9

That a small number of small denomination EGMs that have relatively slow loss rates and small prizes can be made available in each venue without the requirement of using the pre-commitment technology. Their purpose will be for the use of casual gamblers who do not wish to join the pre-commitment system. The number of such machines should be at no more than twenty per cent of the total machines where they number less than 100 in a venue and not more than ten per cent where they are more than this.

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¹⁹ See Productivity Commission *Report on Gambling* 2010 Vol.2 C.20-21 and Vol.1 p.13, 8.17, 10.27