

## **Submission to the Joint Select Committee on Gambling Reform Inquiry into pre-commitment**

Gambling harm continues to be a significant problem, in spite of the many regulations, codes of practice and other harm reduction measures introduced into all jurisdictions since the 2009 Productivity Commission Report. Each person adversely affected by “problem gambling” – whether they are the gambler, family member, employer or creditor - suffers a range of negative consequences which ultimately have a social cost. Increased poverty, financial stress, bankruptcies, gambling related crime, relationship breakdown, family violence, depression, anxiety, etc. places an additional burden on social services and supports.

These consequences can have long standing effects and costs and persist long after the gambling problem has been resolved. As new “problem gamblers” emerge, the pool of co-existing social problems and costs broadens.

The Productivity Commission investigated the degree of harm experienced by EGM gamblers who do not fit the generally used screening criteria for “problem gambling” and discovered this too to be significant. PC Report (2010)

**For example:** A woman contacted our service recently seeking support with her situation. She said she was hesitant in ringing our service because she was confident she did not have a gambling problem. She said however, that her gambling was “causing problems”. She gambled regularly as a social activity (meeting with friends), budgeted for her outing and was good at keeping to her limits. However there had been a few times – perhaps 4 or 5 in the past 4 years -when she had gambled more than she planned. She was behind 2 weeks rent and was trying to catch this up without her husband finding out. She had gambled with rent money once before and she was concerned the landlord’s tolerance would wane. She and her family were on a low income and much of this was allocated to living costs. She recognized that issues in her relationship with her husband precipitated her occasional loss of control and she wanted to ensure this didn’t happen again.

*“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” (Dickerson 2003a, p.2 and quoted in the PC Report 2010 10.3)*

The most significant value inherent in the introduction of a full pre-commitment system is that it would universally acknowledge that EGM’s are hazardous products. It would offer a range of safety features that could support people to enjoy the gambling they can afford. It would require players to consider ahead of play how much money and time they want to allocate to this form of recreation and assist them to adhere to these decisions.

Consideration of a full pre-commitment system that seeks to minimize potential harm to players, while upholding consumer sovereignty (ensuring player choice and self-responsibility) and maintaining both player enjoyment and industry viability is quite an exercise.

Such a system is unlikely to resolve problem gambling for current problem gamblers, nor prevent problem gambling developing - like there are no guarantees a seat belt will prevent death or injury in road accidents- but it is most likely to result in considerable harm reduction for many people.

Pre-commitment is a tool *“to give people the capacity to control the behaviour of their future selves”*  
PC Report p.27

A review of some of the key features of a full pre-commitment system proposed by the Productivity Commission follows.

### **1. Reach**

Consistent with the recommendations of the Productivity Commission, a uniform pre-commitment system applying to all machines within a jurisdiction, compliant with national principles and standards should be introduced.

However, there are numerous examples of towns/cities edging state borders where a gambler would have minimal difficulty crossing the border to gamble once selected limits have been reached. This may provide a basis for extending the reach of networked machines to nationwide over time.

A pre-commitment system that extends across all machines nationwide would enable the limits that people set to apply when they travel interstate for holidays or business meetings.

### **2. Simple to use and understand**

The Worldsmart trial in SA , as with other trials of partial systems, showed that in the early stages of introducing a new system, the number of options made available to people should be limited and easy to follow – perhaps confined to spend limits per day, week, fortnight and month, with an option for safe play and capacity for self exclusion. Trial research reveals little interest in time/frequency limits so such options may be best introduced down the track after people have adjusted to using pre-commitment.

Consideration of what constitutes ‘simple to use’ and ‘easy to understand’ for the broad gambling population should be given to patrons who may have English language (people from culturally and linguistically diverse backgrounds) and reading difficulties, intellectual disabilities and mobility issues.

### **3. All players registered and authenticated; one player-one card; reducing “leakage”**

For a full pre-commitment system to work, all players would need to apply for and receive a card or other device to enable play, player tracking, and binding limits. Registration would require authenticated identification -photo ID or some form of biometric ID.

Not everyone would be in possession of photo ID – people who are not licensed drivers, students, or holders of passports. Biometric /face recognition would have the advantage of obviating the need for photo ID.

Card sharing is an anticipated issue. There would be nothing to prevent people obtaining a card, choosing a ‘no-limit’ option (if this option is included) or setting a very high limit and sharing this card with others – perhaps even for a fee. A pin number or password can be shared with others. A card or device with biometric ID could also be passed to another after the face recognition or fingerprint requirement is fulfilled.

In a cashless system where the card is linked to a card-owner’s account, this problem is likely to be reduced. People may share cards but would they give others access to their money?

Authenticated ID reduces EGM gambling by minors and supports jurisdiction -wide self exclusion. This latter capacity would be welcomed by many ‘problem gamblers’ who have expressed exasperation with the current barring arrangements.

#### **4. Privacy**

Several clients have said they would not join a loyalty program because they do not wish to give their personal details to access a card and have their gambling tracked. Some have said that if they had been required to provide authenticated ID before they gambled on EGM’s they would never have gambled in the first place and therefore would never have developed a gambling problem. (Thus refusal to provide ID may constitute a useful harm minimization method in itself)

Privacy is naturally very important to people. However, privacy in relation to gambling can often be another name for “secrecy”. Gambling is often a very private and highly stigmatized activity – whether one has a problem or not - and remaining anonymous enables one to gamble without fear of discovery.

**For example:** the wife of a Uniting Church Minister regularly played the pokies outside her local area, delighting in how deliciously “naughty” it was for her to break away from the everyday constraints of her role in the community. She would never want anyone (least of all her husband, who did not know how much of their retirement fund she was spending) to know she was doing this.

“Secrecy” can prevent people from picking up information and brochures in venues, and is likely to get in the way of people accessing statements about their play.

Concern that partners, family members, employers etc. would find out about their gambling means that providing identification for a gambling card/device is not at all the same as applying for a card to hire DVD’s (often cited as an example of how commonplace giving identification is.)

Ensuring player privacy will be essential if people are to feel comfortable about providing authenticated ID to gamble. Managing this issue to reassure EGM players will be a significant marketing challenge.

Access to de-identified data is important to enable evaluation of the system.

## 5. Spend limits / Default spend limits?

The Productivity Commission's argument supporting the provision of a simple set of 'default' options is based on evidence from a range of cited sources, that people will adhere to whatever the default options happen to be because it is easier than the 'bother' it takes to override them.

A key advantage of the pre-commitment system is to alert people to their gambling spend and develop conscious decision-making. Thus, ideally, it is recommended all gamblers should be encouraged to set their own limits, with no default alternative.

A set of default limits (per day, week, month, etc) would be based on someone else's idea of a safe limit. A safe limit is relative to a person's circumstances. If this were a higher limit than a particular gambler would choose then this may encourage the person to gamble to that limit – perhaps because it is deemed 'safe'. It is better that each person considers their own circumstances and sets their limits according to their own budgets.

Most recreational gamblers will set the limits they have in their minds, tailored to their budgets, and be content to leave when the limit is reached. Many do this anyway without the use of a pre-commitment system.

Gamblers wishing to play with higher amounts than any set default limits would over-ride default limits anyway.

## 6. Limits set should be binding.

In keeping with the value and benefits offered through implementation of a full pre-commitment system, gamblers are invited to think about their gambling and determine how much they want to spend. Given that *"loss of control is the common and expected outcome of the interaction between human beings and contemporary forms of continuous gambling"*, (Dickerson) gamblers should be supported to stick to the limits they choose.

What gamblers will learn with limit setting that is binding is that they actually can't play any more once the limit is reached so any frustration or distress arising from this experience may well teach them to increase their limits at the earliest opportunity. However, there will also be those who may be sorry they can't play more when their session ends, but will feel grateful in the morning when they still have the rent money (for example).

As gambling frequently escalates for people managing challenging personal life events, people may set their limits higher in accord with this to ensure maximum playing time. As said, a full pre-commitment system will not prevent the creep down the continuum toward problem gambling – or even problem gambling developing - but setting a limit which is binding will provide some constraints that will hopefully sit closer to people's actual financial manageability and ensure that gambling spend remains a conscious decision. A full pre-commitment system is thus likely to assist in controlling the speed with which problem gambling occurs.

**For example:** A woman, who gambled on EGM's with her partner as a recreational activity, became a problem gambler very quickly after her partner died. Within 6 months she had maxed out 2 credit cards and accessed \$45,000 through a line of credit on her house. She is a 75 year old pensioner who has been trying to service these debts by going without food. Having to set a limit on her gambling

spend may well have supported her to exercise control and challenged her to manage her grief in a different way.

The more conscious people are of what they are doing the more likely they are to change what they are doing when they feel change is needed.

#### **7. Limits should be reduced immediately**

A person wishing to lower a set limit should indeed be able to do so and this should take effect immediately within the day, week, fortnight or month chosen.

However,

#### **8. Limits can be increased after nominated duration has ended.**

A person wishing to increase a limit should be able to do so after their chosen day, week, fortnight, or month has expired.

People need to be at the helm of the limits they set. This ensures consumer sovereignty and self-responsibility. Introducing a “cooling off period” to increase limits may undermine personal responsibility and have the unintended adverse effect that once limits go up they won’t come down.

Adding a cooling off period before limit increases take effect may be a refinement to be introduced down the track if evaluation reveals this to be useful, but at the point of system introduction and in the interest of simplicity, it is an unnecessary complication and reduces gambler choice.

People may choose to gamble as far as possible without the safety nets the system provides but this may change overtime as use of these supports becomes more personally relevant.

#### **9. Safe Play**

A possible use of a default is a “safe play” option limiting the cost of play per hour – limited bet/ number of lines etc. so that people can choose this if they prefer.

A safe play option would need to be promoted to ensure people are clear about what it is and is not, the limits it uses and the likely cost per hour.

Use of the “safe play” option should be within a person’s chosen spend limit.

Moving to a ‘safe play’ option once a person’s set limit is reached is not recommended. A binding limit is binding and this purpose of the pre-commitment system should not be muddled.

#### **10. No-Limit Option**

Offering a “no-limit” option provides gamblers with the opportunity to “opt-out” of the system. In a full pre-commitment system it is tantamount to giving people permission to not wear a seat belt. A ‘no-limit’ option belongs with a partial system but a full pre-commitment system is about ensuring some constraints are in place for all gamblers. Gamblers have the opportunity to set high limits if they choose but the act of setting a limit – even a high one- is the act of quantifying one’s intent.

There should be no “no-limit” option. The value of a full pre-commitment system lies in people being asked to set their own limits. This means that spend is a conscious and considered decision and is most likely to fit with people’s budgets.

Setting a limit is consciousness raising – it alerts EGM players to the possible risks in playing the machine, as putting on a seat belt reminds us that driving is dangerous. We don’t have the option to not wear a seat belt.

The Productivity Commission has recommended - in conjunction with a ‘no-limit’ option - periodic checking if this remains the gambler’s preference. If no ‘no-limit’ option is available, then this periodic checking could apply to limits set over a particular amount.

The Productivity Commission also suggested that *“it may be appropriate”*– in conjunction with a ‘no-limit’ option – *“to with draw inducements that, while safe when people have a spending limit, are less so when they can spend any amount.”* p. 10.35

Setting a high limit could in many cases be akin to ‘no-limit’ and so inducements in these circumstances could not be considered “safe”.

Given the relativity of “safety” to people’s financial situations, no limit can be fixed upon and deemed universally “safe”. Whether or not to allow inducements would have to be based on other criteria.

## **11. \$1 Bet Limit**

From the analysis provided in the Productivity Commission Report it would appear that reducing the bet limit on EGM’s to \$1 would constitute a major harm reduction measure in itself.

Reducing the intensity of play and the loss rate /hour for gamblers tempted to “bet big to win big” – an idea many clients have succumbed to - will be very helpful.

## **Conclusion**

Given the significant cost of enabling a full pre-commitment system, with many additional proposed features not discussed here - such as provision of player statements and transaction history; dynamic warnings; information regarding hourly cost of play - then a staged process of implementation over time is inevitable.

Introducing a jurisdiction wide partial pre-commitment system as a precursor would create opportunity to continue to evaluate the merits of partial systems as well as research design and likely benefits of particular features of a full system.

Commenting on the low uptake of players in the Queensland and SA trials, the Commission writes: *“A high take-up of safer levels of gambling is only likely when the way of presenting the system encourages limit setting.”* (p.10.31)

Ensuring that extensive promotion accompanies the introduction of any pre-commitment system is essential.

Rosemary Hambledon  
Manager Regional Gambling Help Services  
Relationships Australia (SA)  
55 Hutt St  
ADELAIDE SA 5000