

Submission

on a

Pre-commitment Scheme

to the

Joint Select Committee on Gambling Reform

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27 December 2010

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1. Introduction

On 30 September 2010 the Parliament agreed that a Joint Select Committee on Gambling Reform be appointed to inquire into and report on various aspects of gambling reform.

The committee is initially focusing its inquiry on the design and implementation of a best practice full pre-commitment scheme that is uniform across all States and Territories and machines - consistent with the recommendations and findings of the Productivity Commission.

The committee has invited public submissions on this matter. Submissions are due by 31 January 2011. The committee intends to provide advice to the government on the pre-commitment scheme early in 2011 ahead of the Council of Australian Government's meeting in April 2011 to consider this issue.

2. Problem gambling: an adequate response?

The Productivity Commission report finds that there are between 80,000 and 160,000 Australian adults suffering significant problems from their gambling with a further 230,000 to 350,000 experiencing moderate risks that may make them vulnerable to problem gambling.

It is estimated that problem gamblers account for 22 to 60 per cent of total gaming machine spending (average of 41). The likely range for moderate risk and problem gamblers together is 42 to 75 per cent.¹

Proposing harm minimisation measures seems an inadequate response to an industry that derives perhaps as much as three quarters of its revenue from people who are gambling beyond their means and experiencing or at risk of significant harms to themselves and their families.

It seems doubtful, even if all the various harm minimisation measures designed to reduce the level of problem gambling were to be implemented, that these measures would result in a substantial reduction in problem gambling.

It is time to consider whether the entertainment value gaming machines provide to non-problem gamblers is of sufficient value to outweigh the social cost of problem gambling. Australians are able to access many alternative forms of entertainment, including alternative forms of gambling. The alternatives are generally associated with a lower rate of problem gambling than with gaming machines.

It is time to consider whether the State governments – charged with providing for the peace and good order of their State – are failing in their duty to the extent that they have become dependent on revenue from gambling and have consequently become reluctant to restrict access to gambling in any substantial way.

The fundamental social question is whether the alleged benefits of gaming machines – revenue for non-profit clubs and enjoyment for “recreational” non-problem gamblers – are worth the social costs associated with problem gambling.

If State governments will not act to curb this social harm then the Commonwealth could use taxation to effectively force the reduction and eventual elimination of gaming machines.

The *Poker Machine Harm Reduction Tax (Administration) Bill 2008* proposed one possible mechanism for doing so.

Recommendation 1:

In addition to any recommendations made on the pre-commitment scheme, the committee should recommend to the Commonwealth government that, unless each of the States commit to the complete removal of gaming machines from hotels and clubs by 2018, it should introduce a taxation scheme similar to that proposed by the Poker Machine Harm Reduction Tax (Administration) Bill 2008.

3. Pre-commitment schemes

The Productivity Commission has recommended that:

Each state and territory government should implement a jurisdictionally-based full pre-commitment system for gaming machines by 2016, subject to initial development, trialling and compatible monitoring systems.²

A full pre-commitment scheme requires the implementation of a mandatory identification system of some kind for all users of gaming machines, apart from a possible ancillary system of ‘safe play’ mode allowing very limited expenditure per hour of play.

Critical aspects of a successful pre-commitment scheme would appear to include sufficiently rigorous identification systems in place, so that any card, device or password issued to a registered player is backed by a robust system of identification, before payouts are made. This lessens the incentives for problem gamblers to steal or borrow the IDs of other players.

Secondly, the system would need to prevent a player from increasing playing limits or waiving self-exclusion periods for a fixed period of time. The Productivity Commission suggests six months as a suitable non-revocation period.³ Furthermore, individuals should be able to select longer periods of self-exclusion with no revocation possible. Why should a problem gambler, determined to break the destructive habit once and for all, have to face the recurrent temptation every six months of reneging on his efforts and giving in once again to his demons?

Additionally there is merit in the possibility of allowing family members, under certain circumstances, to request that a problem gambler be excluded from gambling or have rigorous limits imposed on weekly spending on gambling. The Productivity Commission supports such a proposal.⁴

The Productivity Commission cites a proposal by Mark Dickerson that maximum spending limits be linked to the financial capacity of the gambler using a model akin to a credit card application.⁵ The Commission dismisses this as “removing consumer sovereignty”.⁶

This seems too glib a response to a sensible proposal.

Dickerson explains:

The limits to the amounts of money and time that an individual could pre-commit to his/her card would be transparently computed along the same sort of lines by which mortgage and other credit/loan levels are currently established. There would be the opportunity for individuals to make a special case that they had greater levels of discretionary monies than the standard levels but such claims, as in any other major purchasing context, would be open to verification. For the majority of players it is likely that their preferred expenditure would be well within the regulated limits.

It is not evident that a scheme which protects problem gamblers from spending above their means is an assault on consumer sovereignty.

Recommendation 2:

A pre-commitments scheme should include the following features:

- *Rigorous identification systems at registration and at payouts;*
- *Non-revocation periods of at least six months before spending limits could be increased or self-exclusion waived, with consideration for longer periods of self-exclusion with no revocation allowed;*
- *Opportunity for family members, under certain circumstances, to request that a problem gambler be excluded from gambling or have rigorous limits imposed on weekly spending on gambling;*
- *Maximum spending limits linked to financial capacity in a way similar to mortgages and other credit and loan arrangements.*

4. Endnotes

1. *Gambling: Productivity Commission Inquiry Report 06/2010*, p 5.1;
<http://www.pc.gov.au/projects/inquiry/gambling-2009/report>
2. *Ibid.*, Recommendation 10.4, p 54.
3. *Ibid.*, p 10.11.
4. *Ibid.*, p 10.15.
5. Dickerson, M.G., *What If There Were No Problem Gamblers?*, McGill University, 2003;
http://www.responsiblegambling.org/articles/What_if_there_were_no_problem_gamblers.pdf
6. *Gambling: Productivity Commission Inquiry Report 06/2010*, p 10.37;
<http://www.pc.gov.au/projects/inquiry/gambling-2009/report>