

Chapter 3

Establishment of a voluntary pre-commitment system

3.1 This chapter will briefly describe one of the key reforms contained in the bills, the establishment of a state or territory-wide pre-commitment system, and issues raised with the committee in relation to it.

3.2 Based on the committee's experience over the past two years, which includes a significant inquiry into pre-commitment, the committee offers a number of suggestions to improve aspects of the pre-commitment system for consideration by those putting the systems in place. The committee notes that the legislation only specifies the minimum requirements, that jurisdictions are free to do more and that its suggestions are for increased functionality on top of the minimum requirements detailed in the bill. It offers the suggestions based on evidence provided to the committee during its previous inquiries.

Pre-commitment system

What is it?

3.3 Although legislation can make concepts such as pre-commitment appear complex, stated simply, pre-commitment is a tool which poker machine players can use to set a budget and limits around their play and the system will assist them to remain within those limits.¹ It is intended to be a state or territory-wide system so that those limits apply wherever they play. The system proposed in the bill is voluntary and use is free for players.² There is no requirement to use the system but players who wish to use the pre-commitment system would register and set their own limits around how much they are able to lose over a particular period.³

3.4 Associate Professor Paul Delfabbro, a gambling researcher at the University of Adelaide, agreed that providing players with more information to make them aware of their expenditure will be useful for players. Even though he explained that an opt-out system over an opt-in system would have greater effect, he supported the intent of the legislation to bring about change.⁴

1 Explanatory Memorandum, p. 13.

2 Subclause 21(3), National Gambling Reform Bill 2012.

3 See Chapter 2, Part 2. Setting how much money a player can lose is called the 'loss limit'. Setting the period over which this applies is called the 'limit period'. The limit period must be at least 24 hours, see subclause 25(2), National Gambling Reform Bill 2012.

4 Professor Paul Delfabbro, *Proof Committee Hansard*, 13 November 2012, pp 23–25.

Biometric identification is banned

3.5 To identify a person who chooses to register, the system may use a photograph or signature but biometric identification is explicitly banned.⁵ Some submitters felt that this could limit the technology options in the future as technologies develop and the use of biometrics in this area and others becomes more convenient, widespread and therefore more accepted.⁶ The Independent Gambling Authority, SA, suggested that the prohibition on biometrics should be subject to reversal by the regulations.⁷

Committee view

3.6 The committee recognises the importance of privacy and human rights concerns with respect to biometric technology. However, the committee also recognises the need for viable technology to enable consistent identity management to ensure that pre-commitment practices are enforceable.

3.7 The committee has no firm views on this issue but notes that the rest of the bill remains technology neutral to assist states/territories and venues with different systems to select technology that is most appropriate for them to meet the requirements. While the committee understands that the use of biometrics in Australia is not yet widespread and accepted in these areas, it notes that limiting the technology options of states/territories and venues into the future seems to be at odds with the rest of the bill which is technology neutral.

3.8 The committee suggests that this issue could be included in the Productivity Commission (PC) review of assessment of progress in complying with the requirements of pre-commitment systems.⁸ The PC could include the provisions around the prohibition for the use of biometrics in its review to consider whether states and territories are finding the restriction is inhibiting their ability to offer more functionality to players.

Recommendation 1

3.9 The committee recommends that the ban on the use of biometrics be included as an issue for the Productivity Commission to consider in its review of assessment of progress in complying with the requirements around pre-commitment.

5 Subclauses 23(1), 23(2) and 23(3).

6 See Responsible Gaming Networks, *Submission 6*, pp 2–3; Independent Gambling Authority, SA, *Submission 9*, p. 1; Australian Churches Gambling Taskforce, *Submission 4*, p. 3.

7 Independent Gambling Authority, SA, *Submission 9*, p. 1.

8 Clause 194 of the National Gambling Reform Bill 2012 requires the Productivity Commission to undertake an assessment of the progress gaming machines premises are making towards complying with pre-commitment system requirements. The inquiry will also include dynamic warnings and ATM withdrawal limits. See chapter 4 of this report.

Ensuring registration and use is simple for players

3.10 The Australian Churches Gambling Taskforce noted that the bill allows for multiple providers of pre-commitment within a state or territory for the one pre-commitment system. It therefore felt there was a need to clarify that a player will only need one device to access the system.⁹

Committee view

3.11 The committee agrees that in order to facilitate use, the system needs to make registration and use simple for players. It notes that clause 28 indicates that a player can only have one registration per player per jurisdiction. It assumes this would cover a single access device/method but does not oppose further clarification in the bill if the government believes this is warranted.

Setting limits

3.12 The Explanatory Memorandum of the National Gambling Reform Bill 2012 stresses that the pre-commitment system does not determine loss limits or limit periods for people who choose to register.¹⁰ A player may set any loss limit, including \$0 which means they are effectively preventing themselves from using gaming machines as a registered user.¹¹

Committee view

3.13 The committee notes that in evidence to previous inquiries, particularly from problem gamblers and treatment providers, the ability to set limits or exclude themselves from becoming a registered user of the system, remotely, ie. away from the venue and gaming machines, such as in counsellor's offices or via the internet is valued by those with a gambling problem so they don't have to enter a venue.¹² The committee believes that enabling players to set limits outside the venue and away from gaming machines should be made available to registered players as it would assist problem gamblers to make use of the system.

Reaching loss limit

3.14 If a person uses a gaming machine as a registered user, then once the person reaches their loss limit they are prevented from using gaming machines in the state or

9 Australian Churches Gambling Taskforce, *Submission 4*, p. 5.

10 National Gambling Reform Bill 2012, Explanatory Memorandum, p. 13.

11 Clause 24, National Gambling Reform Bill 2012.

12 Also see Professor Paul Delfabbro, *Proof Committee Hansard*, 13 November 2012, p. 25.

territory as a registered user for the rest of the limit period.¹³ However, the system is not required to prevent a person who is not registered from using a gaming machine.¹⁴

3.15 The committee notes that reaching a limit as a registered user does not prevent the player from continuing to play as a non-registered player.

Changing limits

3.16 If a registered player wants to increase their loss limit or decrease the limit period, the system must prevent the change from taking effect until after the end of the limit period.¹⁵ However, if a registered user wants to decrease their loss limit or increase their limit period that change must take effect as soon as practicable.¹⁶

Committee view

3.17 The committee notes that there is no guarantee that decreasing loss limits would take effect immediately, so players could continue to play at harmful levels until this occurs. It would be desirable for this decrease in loss limits to be able to take effect immediately to strengthen the harm minimisation intent of the bill.

Pre-commitment information to be displayed

3.18 The bill provides that information on settings must be displayed to the user before play, including the amount remaining of loss limit and length of time since the loss limit was set or changed. During play, information on net losses and amount remaining of loss limit is to be displayed. Requirements regarding the form, frequency, content and position of the information may be prescribed in the regulations.¹⁷ At the end of a session the machine must transmit the total amount of money or credit that the person spends and the total amount of money or credit that a person wins.¹⁸

Transaction statements

3.19 A registered player will be presented with a transaction statement on request. The information to be provided is specified and the information must be provided without charge.¹⁹

13 National Gambling Reform Bill 2012, Explanatory Memorandum, p. 11.

14 Subclause 33(2), National Gambling Reform Bill 2012.

15 Subclause 27(2), National Gambling Reform Bill 2012.

16 Subclause 27(3), National Gambling Reform Bill 2012.

17 Clause 31, National Gambling Reform Bill 2012.

18 Subclauses 30 (2) and (3), National Gambling Reform Bill 2012.

19 Clause 34, National Gambling Reform Bill 2012.

3.20 The Australian Churches Gambling Taskforce highlighted its preference that, in addition to being able to access a statement on request, gamblers be issued with this information every six months unless they have specifically requested not to. It explained:

The provision of statements of activity is one way of letting gamblers know how much they are spending, while they are in a 'rational mind set'. The more regular the activity statement the better, but given the amount of money that a person can lose over a year, a six monthly activity statement should be a minimum requirement.²⁰

3.21 The need for more frequent transaction statements was also underlined by the Independent Gambling Authority, SA which argued that statements available on request is a 'weak harm minimisation measure because those most in need of a transaction statement will not request it'. In South Australia transaction statements are required to be provided at fixed periods depending on the level of activity.²¹

Committee view

3.22 During previous inquiries the committee was told that problem gamblers have difficulty keeping track of how much they are spending and tend to underestimate how much they have lost. A key of the reforms objective should be to provide the player with information on their play quickly, easily and regularly. The committee therefore agrees that transaction statements should be provided regularly to registered players as it is their intention to keep track of their play. The committee would encourage a facility to be incorporated in pre-commitment systems that in addition to being provided with a transaction statement on request, a player is provided with statements regularly according to their intensity of play. The committee also suggests there could be an option of viewing transaction statements via an icon on the screen which could be printed on request.

Loyalty schemes

3.23 The bill is silent on the potential for pre-commitment systems to be linked by venues to loyalty schemes. The Australian Churches Gambling Taskforce noted that some loyalty schemes already offer pre-commitment. However, it pointed out the extent to which loyalty schemes are used to actively promote gambling and how this would be incompatible with the aim of pre-commitment.²²

3.24 Dr Samantha Thomas echoed this view:

From a health promotion and public health perspective, linking harm minimisation schemes to industry based incentivisation schemes is extremely problematic. It may send conflicting messages about gambling to

20 Australian Churches Gambling Taskforce, *Submission 4*, p. 5.

21 Independent Gambling Authority, SA, *Submission 9*, p. 3.

22 Australian Churches Gambling Taskforce, *Submission 4*, p. 4.

individuals, and may also enable industry to collect extensive data about the consumption patterns of individuals (both of gambling and other products within venues), which may enable them to more effectively target individuals. It is important that the Government considers how pre-commitment can run independently and be protected from the influence of such schemes.²³

3.25 The committee raised this issue with Professor Paul Delfabbro who stated:

It is a difficult one. Loyalty schemes do provide a way to get the systems going. The availability of loyalty schemes has made it possible to do some of these trials. Without the loyalty systems, it would not have been possible to even do the limited research we have done. It is a difficult one that I would have to reflect upon. There is not a lot of evidence that having a loyalty system necessarily contributes to more problem gambling. There are certainly some inducements, which I think are problematic and there is certainly legislation around those. It is one where there are probably arguments both ways. Loyalty systems may create more industry cooperation; it may lead to making it easier for industry [to] support...precommitment, which may have benefits. It depends on the type of loyalty scheme.²⁴

Committee view

3.26 In its first inquiry into pre-commitment the committee acknowledged the differing views on this issue. It did not consider the case for prohibition with loyalty schemes was overwhelming, although it acknowledged there are legitimate concerns in some quarters. It concluded that as it could assist some players to use pre-commitment features, if individual venues decided in the interests of their members to link pre-commitment to loyalty schemes this should not be prohibited but that it would be prudent for regulatory authorities to monitor the effects of linked loyalty programs.²⁵ The committee suggests that this issue is included in the review of implementation by the Productivity Commission.²⁶

Recommendation 2

3.27 The committee recommends that the linking of pre-commitment to loyalty schemes be included as an issue for the Productivity Commission to consider in its review of assessment of progress in complying with the requirements around pre-commitment.

23 Dr Samantha Thomas, *Submission 11*, p. 1; See also Australian Psychological Society, *Submission 19*, p. 2.

24 Professor Paul Delfabbro, *Proof Committee Hansard*, 13 November 2012, pp 25–26.

25 Joint Select Committee on Gambling Reform, *First Report: The design and implementation of a mandatory pre-commitment system for electronic gaming machines*, 6 May 2011, p. 123.

26 Clause 196, National Gambling Reform Bill 2012.

Approval period

3.28 The committee notes that the approval period for a pre-commitment system is 10 years unless revoked.²⁷ While the committee understands that operators want regulatory certainty, it notes that the timeframe does not prohibit new pre-commitment systems and trusts it does not inhibit innovation and enhanced functionality from being implemented, such as that being suggested by the committee.

Implementation timelines

3.29 The timelines in the bill for implementation affect state and territory systems, gaming machines manufacturers, state and territory regulators, and venues.

States/territories

3.30 The uniform timelines and conditions on all states and territories were noted despite the different technological environments and the lack of central monitoring systems in some jurisdictions²⁸ and different communication protocols. The committee notes that subclause 58(2)(b) of the bill clarifies that there are no penalties if there is no approved pre-commitment system available.

3.31 Ms Liza Carroll, FaHCSIA addressed the issue of jurisdictional monitoring systems:

I think the issue is in some states there might be a central monitoring system, such as that in Queensland, which will make it easier for the venues to be linked together. In some states, like in New South Wales, where I think their central monitoring system is up for renewal in around 2015-16, they still have an older style central monitoring system. But for the linking of the venues there are other options other than through a central monitoring system. There is technology out there that would allow venues to link together, which does not have to be through a central monitoring system. That is obviously easier if it already exists.²⁹

Committee view

3.32 The committee notes that through the Council of Australian Governments Select Council on Gambling Reform all states and territories have indicated they will support the required infrastructure for pre-commitment technology in all jurisdictions

27 Subclause 52(4), National Gambling Reform Bill 2012.

28 Clubs Australia, *Submission 7*, p. 4. See also Mr Ross Ferrar, Chief Executive Officer, Gaming Technologies Association, *Proof Committee Hansard*, 13 November 2012, p. 39; Northern Territory Government, *Submission 12*; Department of Racing, Gaming and Liquor, WA, *Submission 5*, pp 2–3.

29 Ms Liza Carroll, *Proof Committee Hansard*, 13 November 2012, p. 67.

in every gaming venue.³⁰ The bill allows states and territories to continue to run their own systems. Recognising the different technical environments in each state and territory, the bill is not prescriptive regarding pre-commitment technology which could be machine-based, venue-based or more widely networked. It could also be multiple systems that share data. Technology will need to be determined state-by-state according to what already exists.

Manufacturing and importing of Electronic Gaming Machines

3.33 Chapter 5 outlines the requirements for manufacturing and importing gaming machines to ensure that all new gaming machines manufactured in Australia or imported to Australia from 31 December 2013 are pre-commitment capable. With the requirements for pre-commitment systems not due to commence until 31 December 2016, this provision will ensure that new machines coming on to the market from 31 December 2013 are pre-commitment capable. The Explanatory Memorandum notes that this will help minimise the impact of introducing pre-commitment as there will be ongoing machine replacement between 31 December 2013 and 31 December 2016 (31 December 2020 for small gaming premises).³¹ It prescribes civil penalties for constitutional corporations if they manufacture or import non-compliant gaming machines.³²

3.34 The technical challenges for manufacturers were outlined by the Gaming Technologies Association (GTA) whose members supply gaming machines.³³ However, when asked whether industry can find a way to sell machines at the end of 2013 that would be consistent with the bill, Mr Ross Ferrar, Chief Executive Officer stated:

Industry will always comply with all legislation. When I say 'industry' I mean our members. I hate to repeat myself, but they sell games and machines all around the world and they comply with all legislation and all regulations worldwide. They hold licences which mean that if they do not then those licences are jeopardised.³⁴

3.35 Mr Ferrar added that his members have been 'doing their best to prepare for every eventuality'³⁵ and will 'do everything in their power' and that their 'commercial

30 The Hon Jenny Macklin MP, 'Tackling problem gambling in Australia', *Media release*, 27 May 2011.

31 Explanatory Memorandum, p. 40.

32 Clause 58.

33 Gaming Technologies Association, *Submission 10*; See also Ross Ferrar, Chief Executive Officer, Gaming Technologies Association, *Proof Committee Hansard*, pp 38–40; See also Aristocrat, *Submission 15*, pp 4–5.

34 Mr Ross Ferrar, *Proof Committee Hansard*, 13 November 2012, p. 42.

35 Mr Ross Ferrar, *Proof Committee Hansard*, 13 November 2012, p. 41.

success depends on being able to sell gaming machines'.³⁶ Mr Ferrar highlighted that they need to know the specifications at the earliest possible opportunity and that he was meeting with officials from the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to discuss this.³⁷

3.36 The committee notes information from Aristocrat that they have already developed a venue-based voluntary pre-commitment functionality, held a trial, and that NSW regulatory approval for the venue based voluntary pre-commitment module of the pre-commitment functionality has been granted.³⁸

3.37 Ms Liza Carroll, Deputy Secretary, FaHCSIA addressed the issues around technology options:

What the legislation does is provide the parameters within which the machines would need to operate, and within a particular state and jurisdiction. Because we did not want to preference one type of technology we have purposely tried to not be explicit about saying, 'This is the kind of technology you would use.' The regulations become very important here, and we will be developing those regulations in consultation with a range of stakeholders, including industry and others. In that regulation we will be able to get some more of that specification. As you have heard, the circumstances are quite different around Australia. We also know there will be innovation in the industry and we want to make sure the legislation does not pre-prohibit and limit the amount of innovation and new things that can come onto the market.³⁹

3.38 Responding to the claims by the GTA, Mr David Agnew, FaHCSIA, replied:

There are a number of technical solutions to enable voluntary precommitment. So, while Mr Ferrar may have made a claim around manufacture of machines and impact on machines, there are a number of other technical solutions to enable precommitment.⁴⁰

3.39 In answers to questions on notice FaHCSIA provided further information on technology options:

There are a number of pre-commitment systems available and already operating in Australia that may be compliant with the legislation.

These systems have been trialled in Queensland and South Australia, and are operating within venues in a number of states.

These include, but are not limited to, the following systems:

36 Mr Ross Ferrar, *Proof Committee Hansard*, 13 November 2012, p. 42.

37 Mr Ross Ferrar, *Proof Committee Hansard*, 13 November 2012, p. 45.

38 Aristocrat, *Submission 15*, pp 3–4.

39 Ms Liza Carroll, *Proof Committee Hansard*, 13 November 2012, p. 64.

40 Mr David Agnew, *Proof Committee Hansard*, 13 November 2012, p. 66.

Maxgaming SIMPLAY

Worldsmart Playsmart

eBet Odyssey

Global Gaming Industries Max-e-Tag

Crown Play Safe

It is possible that a number of existing and new pre-commitment providers of these systems will seek to become approved providers under the legislation.

The Department has not been prescriptive about particular systems or technologies in the legislation, but instead the legislation sets out the functional requirements for a system to be approved. This approach provides maximum flexibility for industry to choose systems that suit their particular operating environment. It also allows for new systems to be developed and marketed over time, in addition to those currently available.⁴¹

State regulators

3.40 Ms Carroll advised the committee that FaHCSIA has been speaking with regulators and other state government officials. She advised that the specifics of what is required of a regulator will be covered with the development of the regulations.⁴² Ms Carroll added:

...we have had broad consultation with a range of parties, including regulators and state governments. We recognise that there is a whole lot of things that state governments do in their own regulation but that what will occur out of this legislation is a Commonwealth regulator. Minister Macklin has made it quite clear that our preference would be to refer those powers to state government regulators, but we still have to go through that consultation process.⁴³

3.41 In response to further questions about whether the timelines are achievable, Ms Carroll responded:

All I can say is that with the information we been provided...and, certainly, from our discussions with different parties, we would be working on the basis that we could come up with solutions that are possible and that the regulation could be implemented in that period of time.⁴⁴

41 FaHCSIA, Answers to questions on notice, No. 22, received 16 November 2012.

42 Ms Liza Carroll, *Proof Committee Hansard*, 13 November 2012, pp 64–65.

43 Ms Liza Carroll, *Proof Committee Hansard*, 13 November 2012, p. 64.

44 Ms Liza Carroll, *Proof Committee Hansard*, 13 November 2012, p. 65.

Committee view

3.42 The committee notes advice from FaHCSIA that the legislation is purposefully not prescriptive regarding technology to be used. This recognises that states and territories have different monitoring systems currently in place and gaming venues have various systems in place. The legislation accommodates the need for states and territories and venues to be able to choose from the range of technical options that best ensure their compliance with the requirements. The committee also notes that consultation with states and territories and their regulators will be ongoing as regulations are developed.

3.43 Clubs Australia raised questions about the treatment of existing pre-commitment systems⁴⁵ as under clause 46 of the bill all pre-commitment systems require approval by the Regulator. The Explanatory Memorandum notes that approval by the Regulator is intended to ensure that pre-commitment systems are offered on reasonable terms that are fundamentally consistent across Australia.⁴⁶ The committee expects there will be a number of options available to the Regulator regarding existing systems. If current systems have the minimum features they could be approved or there could be an interim approval pending final approval which would provide a transitional period to achieve formal regulatory approval. This issue will form part of ongoing consultations.

3.44 The committee notes that a number of issues raised by the Independent Gambling Authority, SA, regarding how the legislation will interact with state and territory regimes⁴⁷ would also be covered as part of the ongoing consultation between states and territories and the Commonwealth.

3.45 This legislation has been available as an exposure draft since February 2012 and the committee notes advice from industry that manufacturers have been doing their best to prepare for every eventuality. The committee has confidence in the ability of industry to innovate. The commercial and regulatory imperatives that mean it will be in their interests to do so.

Venue timelines and costs

3.46 The implementation dates are:

- 31 December 2016 for larger venues;
- 31 December 2020 for venues with 11 to 20 machines; and
- for smaller venues with 10 or fewer machines, when machines are replaced in their usual replacement cycle.

45 Clubs Australia, *Submission 7*, p. 5.

46 National Gambling Reform Bill 2012, Explanatory Memorandum, p. 24.

47 Independent Gambling Authority, SA, *Submission 9*; See also Mr Robert Chappell, *Proof Committee Hansard*, 13 November 2012, p. 52; South Australian Government, *Submission 20*.

3.47 Clubs Australia expressed concern about the implementation timelines for venues with more than 20 poker machines, saying that it does not provide sufficient time for clubs to absorb the compliance costs and may result in non-compliance. It suggested an expansion of the definition of small venues so that the timeframe can also take into account a venue's average revenue per machine.⁴⁸

3.48 The Australian Hotels Association expressed its preference to install pre-commitment technology via the natural replacement of machines.⁴⁹ The committee notes that the Victorian Hotels Association when responding to the Victorian governments discussion paper on voluntary pre-commitment, while it described the timeframes (2015-16) as challenging, it supported voluntary pre-commitment.⁵⁰

3.49 Whereas industry has expressed concern about the timelines for implementation in the bill, the Australian Churches Gambling Taskforce was disappointed at the 'generous time extension' for venues with 20 gaming machines or less to comply with the requirements. It argued that this will mean venues with large revenue generation per machine, which would be capable of introducing the requirements, will be able to delay implementation.⁵¹

3.50 FaHCSIA told the committee that it had undertaken independent work around this aspect which found that the initial timeline and then the extended timeline for smaller venues are achievable.

We have had independent technical advice, noting that independent technical advice is not out of the manufacturers space, that says that the time frame is achievable.⁵²

3.51 In answers to questions taken on notice, FaHCSIA provided a link to the independent technical advice received from the Toneguzzo Group which was subject to an FOI request on 12 August 2011.⁵³

3.52 Ms Liza Carroll, Deputy Secretary, FaHCSIA further addressed the issues around timelines for industry:

48 Clubs Australia, *Submission 7*, p. 5. See also Mr Peter Newell, *Proof Committee Hansard*, 13 November 2012, pp 54–55.

49 Australian Hotels Association, *Submission 14*, p. [4]. See also Mr John Whelan, *Proof Committee Hansard*, 13 November 2012, p. 10.

50 Australian Hotels Association (Victoria) submission to the Baillieu government's policy on voluntary pre-commitment, 2 December 2011.

51 Australian Churches Gambling Taskforce, *Submission 4*, pp 3–4.

52 Mr David Agnew, *Proof Committee Hansard*, 13 November 2012, p. 65.

53 See <http://www.fahcsia.gov.au/disclosure-log> FOI reference number 11/12-010 document 39) (accessed 17 November 2012). Note: The remaining parts of the advice were determined to be Commercial in Confidence and unable to be released. See FaHCSIA, Answers to questions on notice, No. 23, received 16 November 2012.

We have had consultation with the industries and with a range of parties over a length of time. It is our understanding that the 2016 time line and then the extended time lines for small venues are achievable. That is based on both some independent work that the department had done and the different evidence and information that we have been given, particularly by manufacturers and suppliers, about the different kinds of machine technology and some of the things that have been raised today about the fact that it is not all about machine replacement—a lot of machines can be upgraded, and the upgrades to machines can be relatively simple and easy to do...⁵⁴

3.53 Ms Carroll also spoke on the suggestion by Clubs Australia to expand the definition of small venue so that it includes average revenue per machine:

The main issue with going to a different definition is that data is not made available in any easy form. In fact, it is quite hard to get revenue data about clubs generally. What is available across Australia is the number of machines. So it is very clear that that is an easy mechanism to use. It is already available. The other complication if you went to a revenue measure would be what you would be counting and discrepancies in arguments about what revenue looked like. It would be a lot of red tape. Our view would be that that would be a lot of extra reporting for all clubs.⁵⁵

3.54 Ms Carroll emphasised that they have been working to minimise the cost to industry and minimise regulatory burdens but there was a need to balance these considerations with the costs to individual problem gamblers, their families, others affected and the community. Industry costs have to be weighed up against the social consequences and social costs⁵⁶ which were estimated by the Productivity Commission in 2012 to be \$4.7 billion.⁵⁷ Ms Carroll reassured the committee that in the view of the Department, clubs will have the revenue to pay for the necessary changes.⁵⁸

Committee view

3.55 The committee notes that when the government announced its reforms in January 2012 these reforms were supported by Clubs Australia. The legislation was made public as an exposure draft in February 2012 and Clubs Australia participated in consultations on the exposure draft in February. The timeframe and requirements on venues have not changed since the exposure draft.

54 Ms Liza Carroll, *Proof Committee Hansard*, 13 November 2012, p. 64.

55 Ms Liza Carroll, *Proof Committee Hansard*, 13 November 2012, p. 70.

56 Ms Liza Carroll, *Proof Committee Hansard*, 13 November 2012, p. 71.

57 Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 2.

58 Ms Liza Carroll, *Proof Committee Hansard*, 13 November 2012, p. 71.

3.56 The committee notes that the concerns of clubs regarding the timetable have been taken into account and more than 25 per cent of pubs and clubs will be able to introduce the changes as they replace their machines, at no additional cost. An additional 26 per cent of pubs and clubs (those with between 11 and 20 machines) have until 2020, which is more than eight years lead time. In this period, many machines would have to be replaced as part of the usual replacement cycle, now with pre-commitment built in, at no additional cost. In New South Wales, which has more than half the nation's poker machines, almost two thirds of pubs and clubs have been given extra time to get ready for the voluntary pre-commitment system.

3.57 The committee also notes that the government has taken into consideration that small clubs and pubs are not the same as large gambling venues located in cities. Therefore not all clubs will be required to implement pre-commitment technology by 2016. These changes are being phased in over a decade to reduce costs for smaller pubs and clubs. In fact, more than half of Australia's clubs and pubs will have extra time to prepare, and 63 per cent of clubs and pubs in regional areas will have more time.⁵⁹

3.58 The committee is mindful of the concerns about regional and remote venues, but supports maintaining an evidence-based approach. As a result, the committee considers that this issue should be included in the review of implementation to be undertaken by the Productivity Commission (PC). The PC could consider whether there are grounds for further exemptions for smaller venues in regional and remote areas.

Recommendation 3

3.59 The committee recommends that the issue of whether there are grounds for further exemptions for smaller venues in regional and remote areas should be included as an issue for the Productivity Commission to consider in its review of assessment of progress in complying with the requirements around pre-commitment.

Need for a national education and social marketing campaign

3.60 As noted in the committee's first report,⁶⁰ to facilitate take up of pre-commitment by players, there will be a need to launch an effective national awareness

59 The Hon Jenny Macklin MP, 'Pokies legislation gives more than half of Australia's clubs and pubs extra time to get ready', *Media release*, 2 November 2012. See tabled document by FaHCSIA at the 13 November 2012 hearing regarding data on small venues. Available from: http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=gambling_reform_ctte/gambling_reform_legislation_2012/submissions.htm.

60 Joint Select Committee on Gambling Reform, *First Report: The design and implementation of a mandatory pre-commitment system for electronic gaming machines*, 6 May 2011, pp 120–121.

and education campaign that is targeted not just at players (who won't use it if they don't understand it), but also staff who are likely to be asked questions and will be in a good position to encourage use. This important aspect was noted by Dr Samantha Thomas:

It is important to note that social marketing and education initiatives will be an important part of the implementation of the scheme. As the proposed pre-commitment scheme is one which seeks to encourage individuals to make 'responsible' choices about their gambling, education and social marketing initiatives will be essential in educating and encouraging individuals to use the new technology. These social marketing initiatives (which must be broader than campaigning) will be necessary in providing accurate, targeted and tailored information to the community about the scheme. Social marketing and education schemes should consider the range of factors that may encourage and prohibit individuals from using the scheme. For example, given that most pre-commitment schemes at this stage will be voluntary rather than mandatory, it may be that individuals choose not to use the scheme for fear of being stigmatised as someone who may potentially have a problem with 'losing control' with gambling. Social marketing has a clear ethical dimension, and as such, it is important that any social marketing and education schemes are developed independently of industry, and are regularly evaluated to ensure their effectiveness.⁶¹

Recommendation 4

3.61 The committee recommends that the government develop an appropriate national education and social marketing campaign for voluntary pre-commitment and work with industry to develop training for staff.

Committee comment

3.62 The committee notes the preference of submitters in this⁶² and previous inquires that the pre-commitment system be mandatory rather than voluntary. The committee is encouraged by the trial of mandatory pre-commitment proposed for the Australian Capital Territory. While there are some details of the trial in the bill, including requirements about the design and evaluation methodology, the trial is not dependent on the legislation passing. The bill⁶³ ensures that machines will be mandatory pre-commitment equipped and therefore, at some future point, the committee notes that it does not stop a jurisdiction deciding to adopt mandatory pre-commitment.⁶⁴

61 Dr Samantha Thomas, *Submission 11*, p. 1.

62 See, for example, Australian Psychological Society, *Submission 19*; Australian Churches Gambling Taskforce, *Submission 4*, p. 3; Regis Controls, *Submission 3*.

63 See Clause 33, National Gambling Reform Bill 2012.

64 Clauses 11 and 12 make it clear that there is nothing to stop a jurisdiction having stricter requirements than the minimum set out in the bill, including mandatory pre-commitment.

