

Chapter 6

Pre-commitment design features

6.1 As a concept, pre-commitment has the potential to be a useful management tool for recreational gamblers and an effective harm minimisation measure for problem gamblers and those at risk. However, the key features of the design of a best practice pre-commitment scheme remain an area of debate. The committee therefore sought the views of a range of interested stakeholders on the design of a best-practice system. The committee intends for the features recommended below to apply to high intensity EGMs.

Views on the need for a mandatory scheme

6.2 One of the key issues around pre-commitment is the debate on whether it needs to be mandatory, which would require all EGMs machine players to pre-set limits in order to play, or if it should be voluntary which would allow players to set limits if they chose, opt out altogether, or set no limits at all.¹ The committee was presented with contrasting views on this issue. Generally, submissions and evidence provided by peak bodies from the gaming industry, clubs, hotels and casinos opposed mandatory pre-commitment. Those in the community and social services sector, and importantly, problem gamblers generally supported a mandatory scheme. The positions of the main stakeholders and their key arguments are outlined below.

Assessing the evidence

6.3 A key argument mounted against a mandatory scheme is that there is no evidence that it would reduce the prevalence of problem gambling. Clubs Australia claimed that the evidence supporting mandatory pre-commitment simply does not exist.² The Australian Hotels Association agreed stating: 'There is no clear evidence precommitment technology will be effective as a harm minimisation measure in Australia'.³ The ALH group echoed this view, indicating there is 'no relevant evidence based research to hand' to support full pre-commitment.⁴ Some pointed to evidence showing that mandatory pre-commitment would fail to assist problem gamblers. Clubs Australia cited a study by Professor Alex Blaszczynski which suggests that the effectiveness of pre-commitment would be undermined if problem gamblers chose not

1 The Productivity Commission used alternative terminology, using the terms 'partial' or 'full' to describe what this committee refers to as voluntary and mandatory schemes. See Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 10.20.

2 Clubs Australia, *Submission 47*, p. 21.

3 Australian Hotels Association, *Submission 86*, p. 3.

4 ALH Group, *Submission 15*, p. 2.

to participate or evaded the system.⁵ However, in his evidence to the committee Professor Blaszczynski did indicate qualified support for pre-commitment:

What we need to do is work out a system which is effective. Precommitment, in my view, can be effective if implemented properly. But it is not going to be the answer. Self-exclusion is not going to overcome the problems. I think it is going to contribute. My concern is that there is going to be a vast amount of money allocated to precommitment and its implementation at the cost of other interventions that may in fact be more effective—providing signage, providing linkages with treatment and so forth.⁶

6.4 Instead of a mandatory scheme, many in the industry suggested the adoption of a voluntary scheme. The Australasian Gaming Council recommended that 'any pre-commitment strategy should be voluntary in its application, respecting the rights of recreational players'.⁷ Clubs Australia also indicated its support for a voluntary, venue-based pre-commitment scheme, and described mandatory pre-commitment as 'an expensive, technologically complex and time-intensive solution'.⁸ Typical of industry concerns that a mandatory scheme would turn EGM playing from enjoyable entertainment into an arduous past-time was Twin Towns Services Club:

Mandatory pre-commitment interferes with the rights of every person to play a poker machine for entertainment regardless of if they have a problem or not. And, if this is to be the regime, then playing a machine no longer becomes enjoyable, it becomes invasive, confronting and arduous. When it is no longer fun, people will find some other form of recreation.⁹

Support for a mandatory scheme

6.5 In contrast to the industry view, the problem gamblers who presented to the committee unanimously favoured a mandatory system. Ms Sue Pinkerton, a former problem gambler summed up this view:

The introduction of a mandatory pre-commitment system, electronically monitored and managed by an independent authority, is likely, in my considered opinion, to be an effective method of early intervention and prevention of the harms associated with excessive access to gaming machines.¹⁰

5 Alex Blaszczynski, 'Gambling Motivations, Money-Limiting Strategies, and Pre-Commitment Preferences of Problem Gamblers Versus Non-Problem Gamblers', *Journal of Gambling Studies*, vol. 26, 2010, pp 361–372, cited in Clubs Australia, *Submission 47*, p. 21.

6 Professor Alex Blaszczynski, *Committee Hansard*, 4 February 2011, p. 51.

7 Australasian Gaming Council, *Submission 81*, p. 8.

8 Clubs Australia, *Submission 47*, p. 2.

9 Twin Towns Services Club, *Submission 41*, p. 16.

10 Ms Sue Pinkerton, *Committee Hansard*, 1 February 2011, p. 58.

6.6 Another reformed problem gambler, Ms Gabriela Byrne reflected that if mandatory pre-commitment had been available to her when she was in the midst of her gambling addiction, 'I would have taken that opportunity and it would have saved my family a lot of money.'¹¹ Ms Julia Karpathakis a former pokies addict echoed this view in her evidence to the committee:

If there had been another option, there is no way I would have been an addict. If there had been a precommitment card or an opt-out card there is no way I would be an addict.¹²

6.7 Agencies also supported a mandatory rather than voluntary scheme. In its evidence, the Independent Gambling Authority, SA, which regulates gambling in South Australia argued that a voluntary or opt-in scheme 'simply will not make any difference' because the take-up of such a scheme would be 'extremely small.'¹³

6.8 The Responsible Gambling Advocacy Centre, an agency established by the Victorian government to promote responsible approaches to gambling, argued that reliance on a voluntary measure 'is likely to yield much lower benefits in terms of consumer awareness and protection and harm minimisation' in curbing problem gambling expenditure than a mandatory system.¹⁴ Academic and economist Dr Jamie Doughney argued in favour of the adoption of a mandatory scheme, based on what he described as 'precautionary and prudential reasons'.¹⁵

6.9 Witnesses disputed the industry view that evidence on mandatory schemes was lacking. The Responsible Gambling Advocacy Centre in their submission noted that evidence from the voluntary pre-commitment trials revealed that those who used pre-commitment 'exercised improved control over their spending', and concluded:

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.¹⁶

6.10 Professor Malcolm Battersby pointed out the key advantages of a mandatory system:

The beauty of a mandatory system where you could not transfer cards, or whatever the technology is, is that the problem gambler would not be able to break their limit. If they had already decided to exclude themselves and then changed their mind an hour later, that would be it. They would have to

11 Ms Gabriela Byrne, *Proof Committee Hansard*, 2 February 2011, p. 23.

12 Ms Julia Karpathakis, *Committee Hansard*, 1 February 2011, p. 11.

13 Mr Alan Moss, *Committee Hansard*, 1 February 2011, p. 32.

14 Responsible Gambling Advocacy Centre, *Submission 48*, p. 5.

15 Dr Jamie Doughney, *Proof Committee Hansard*, 2 February 2011, p. 45.

16 Responsible Gambling Advocacy Centre, *Submission 48*, p. 5.

have a time limit on it, whether it was a day, a week, a month or a year that they banned themselves.¹⁷

6.11 Organisations which assist problems gamblers supported a mandatory system. Ms Margie Law, Anglicare Tasmania explained:

I think that if it is card based and compulsory it will be harder for people with a gambling problem to get around than if it is cash based and voluntary. I believe that if it is cash based and voluntary, it will not have very much effect on people with a gambling problem at all.¹⁸

6.12 Mr Mathew Rowell, Chief Executive Officer, Relationships Australia, Tasmania outlined their view that a mandatory system would have wider benefits:

In summary, we support the introduction of a mandatory precommitment scheme as one of the ways that harm can be minimised or mitigated for people who are problem gamblers, but it is also for the people around them—their kids, their families, their partners and their workplaces even.¹⁹

6.13 Mr Rowell added a mandatory scheme was needed because of shortcomings with self-exclusion:

We would suggest a mandatory precommitment scheme because we believe that a self exclusion scheme does not work well. In Tasmania in particular, we believe that, as a proactive harm minimisation strategy, it does a number of things: it reduces, in some ways, the need for some regulation around things like ATM access, because, if you have a set limit, regardless of whether there is an ATM next you, the limit has already been set. We hear stories from clients who will drive home to get the last \$2 coin out of their sock drawer when they have run out of cash. If there were a preset limit with a card system, we believe that would stop that. As I said, I am not a technical expert, but we believe that this scheme would go some way to ensure that harm was minimised for people who really are unable to stop once they get into that situation.²⁰

6.14 Dr Kerry Chambers, Public Issues and Stakeholder Relations Officer, Gambling Awareness Nova Scotia, confirmed that the scheme should be mandatory stating that it will assist problem gamblers in particular and help them overcome their issues with willpower, giving them better control. Those at risk will be able to monitor and manage their gambling and learn gambling behaviours which are more recreational.²¹

17 Professor Malcolm Battersby, *Committee Hansard*, 14 February 2011, p. 57.

18 Ms Margie Law, *Proof Committee Hansard*, 18 February 2011, p. 9.

19 Mr Mathew Rowell, *Proof Committee Hansard*, 18 February 2011, p. 16.

20 Mr Mathew Rowell, *Proof Committee Hansard*, 18 February 2011, p. 17.

21 Dr Kerry Chambers, *Proof Committee Hansard*, 25 March 2011, p. 4.

6.15 Former problem gambler Mr Tom Cummings acknowledged that problem gamblers will look for ways around the system²² but that this is no reason not to put it in place. Mr Cummings noted:

Whenever there is a restriction of any kind, there will be a minority who find a way around it; the majority follow the rules. Mandatory pre-commitment will be no different.²³

6.16 Mr Stephen Menadue a problem gambler, told the committee that a system which 'did not give up' would have helped him:

...I imagine that something where the organisation or the parties involved in doing the helping did not give up if I busted again—if I fell down—might have worked. I am well aware that it can appear that the person does not want to help themselves if they keep busting...²⁴

Committee view

6.17 The committee recognises that pre-commitment is not a silver bullet that will miraculously eradicate all problematic gambling on EGMs and that other measures will be necessary.²⁵ The committee also acknowledges that no solution is immune from a low level of abuse. The challenge is to design a system with a high degree of integrity which will also, in the shortest time-frame possible, lift the burden of harms associated with problem gambling from individuals, their families and communities.

6.18 The committee is convinced that a mandatory scheme will be more effective in reducing the harms from problem gambling than a voluntary arrangement. The chair sought but did not receive any evidence from industry that a voluntary pre-commitment system would be effective. To paraphrase the words of Mr Menadue, mandatory pre-commitment is a system that will not give up on people, even when their own will power weakens. The committee shares the concerns of those who argue that voluntary pre-commitment would allow problem and at-risk gamblers to simply opt out, significantly diminishing the effectiveness of pre-commitment as a tool for these vulnerable groups. Nor was it convinced by arguments from the industry that mandatory pre-commitment would be an onerous imposition on members, given that many clubs already run loyalty programs that require members to sign up. It is not envisaged that players would require a stringent level of identity checking; in most

22 See also Mr Stephen Menadue, *Proof Committee Hansard*, 18 February 2011, p. 45.

23 Mr Tom Cummings, *Submission 113*, p. 3.

24 Mr Stephen Menadue, *Proof Committee Hansard*, 18 February 2011, p. 48.

25 A number of submissions noted that pre-commitment was just one measure among many. For example, the submissions of Lifeline Australia and Uniting Care; see also the evidence of Dr Charles Livingstone who noted it is 'not going to be a panacea', *Proof Committee Hansard*, 2 February 2011, p. 40, a sentiment echoed by Ms Kate Roberts of the Gambling Impact Society NSW who said: "Basically, to sum up, we see precommitment not necessarily as the full panacea to problem gambling, which is why we think it needs to be a component of a range of strategies.", *Committee Hansard*, 4 February 2011, p. 72.

instances a driver's license would be considered sufficient identification. With minimum identity requirements occasional players should find it no more onerous to adopt pre-commitment as joining their local library.

6.19 The committee acknowledges that while some may consider a faster implementation date than that recommended by the Productivity Commission difficult to meet, there is an urgent need to act sooner, rather than later in order to minimise the considerable harms from EGM addiction. The addictive features of EGMs make them potentially dangerous. The evidence shows that low risk EGM gamblers can quickly migrate to high risk in a very short time period. The committee was advised that implementation of a mandatory scheme could be achieved relatively quickly. For these reasons, including the urgent need to act, we believe that implementing pre-commitment by 2014 is both necessary and achievable.

Recommendation 12

6.20 The committee recommends that a mandatory pre-commitment scheme apply to all players of high intensity electronic gaming machines by 2014.

Limit setting options

6.21 A range of limit setting options were canvassed during the inquiry and these are outlined below.

Binding limits

6.22 The essence of pre-commitment is the ability to set binding limits on spending, or maximum loss,²⁶ before play commences and while the problem gambler is more likely to be in a rational state. The need for players to set such limits was highlighted to the committee. As noted by the Independent Gambling Authority, SA:

All credible research that the IGA has been able to access shows that people do want to set limits on their play. They do not go to the gaming venue intending to lose all their money and cause their family dismay; they go there with the intention of behaving sensibly and responsibly, by and large, even if they know they have a problem. But what happens is that the machines are by their nature so seductive that people do not stop when they reach their limit, and that is where we see the problem arising.²⁷

6.23 The committee view is that setting binding limits on losses would ensure that once a pre-set limit is reached it cannot be exceeded as the machine would become disabled, preventing further play. As noted by Relationships Australia (SA) setting a

26 Maximum loss refers to the maximum amount a player is prepared to lose or spend. It does not include any credits or prizes the player accrues during the course of play, but the amount that comes from their own pocket.

27 Mr Alan Moss, Independent Gambling Authority, South Australia, *Committee Hansard*, 1 February 2011, pp 22–23.

binding limit 'will provide some constraints that will hopefully sit closer to people's actual financial manageability and ensure that gambling spend remains a conscious decision'.²⁸ Setting binding limits will also ensure that gamblers don't start to chase their losses while they are in an impaired or vulnerable state, further exacerbating the harms of their gambling.

Player choice and consumer sovereignty

6.24 A number of submissions emphasised that in any system the principles of player choice and consumer sovereignty should be preserved, in line with the Productivity Commission's view that personal responsibility should be maintained, not eroded.²⁹ Ms Kate Roberts, Chairperson, Gambling Impact Society (NSW) noted that 'the process of decision making in itself is a protective factor in terms of helping someone make a conscious choice'.³⁰ However, some were cognisant that there may be trade-offs:

The essential thing, this being a sort of a consumer protection and giving people those sorts of choices, I guess there is a trade-off in any sort of scheme that is going to be introduced along those lines.³¹

6.25 As outlined in chapter two, the problem gamblers who gave evidence to the committee all supported being able to set limits themselves.

6.26 Choice can promote responsible and informed decision-making:

People will make choices but what we are hoping will happen and what we believe will occur is that people will make informed choices when they are given that option right from the outset.³²

6.27 Others, like Associate Professor Paul Delfabbro noted that getting players to make decisions about their limits while they are still rational and before their playing affects their decision-making, is optimal. Once playing commences, there is a risk that the conditioning associated with gambling might cause that rationality to 'disappear as their emotional arousal increases'.³³

6.28 Arguments were made that problem gamblers would not be able to choose limits rationally at any particular point because they are not rational at any time. This view was disputed by many witnesses including problem gamblers, those

28 Relationships Australia (SA), *Submission 67*, p. 4.

29 Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 10.33

30 Ms Kate Roberts, *Committee Hansard*, 4 February 2011, p. 74.

31 Mr Simon Schrapel, President, Australian Council of Social Service, *Committee Hansard*, 14 February 2011, p. 102.

32 Mr Simon Schrapel, *Committee Hansard*, 14 February 2011, p. 103.

33 Associate Professor Paul Delfabbro, *Committee Hansard*, 1 February 20011, p. 72.

organisations who treat them and academics. They all spoke about problem gamblers being able to function rationally when away from EGMs. Mr Alan Moss from the Independent Gambling Authority, SA, observed:

I do not think that problem gamblers are irrational all the time. They are just like you and I. They are fairly ordinary citizens and they are not raving delusional lunatics. They are perfectly ordinary people who, when they are not in front of a screen, are perfectly capable of making sensible, rational decisions. It would be in that environment that they would make the decision about how much money they were going to put on their card. They do that because they know that when they get in front of the screen they lose eventually that capacity to act rationally.³⁴

6.29 Mr Mark Henley, Uniting Care Wesley Adelaide, a provider of counselling services for problem gamblers, explained:

Certainly the assumption we are making—and I think this is pretty well based—is that people with addictive issues, whether it is alcohol, drugs, gambling or anything else, are rational people but that, when the addiction takes over, that is when the irrational behaviour occurs. One of the principles of precommitment is that people are well placed to make rational decisions at their point, at a time when they are quite capable of making rational decisions. They are less able to make rational decisions when the addiction is taking over, which is, in this instance, while people are actually gambling. So we do not see it as incongruous that a person can make a rational decision when they are not gambling and then not be able to make rational decisions while they are gambling. We think it is quite consistent with the problem gambling behaviour.³⁵

6.30 He added:

I think the issue that you are talking about is the capacity of people to make rational decisions. The counselling that we have done across a range of programs to do with addictions and other areas shows that people, when they are not involved with the cause of the addiction, are able to tell counsellors and family members very clearly what they are wanting, so they are able to make rational decisions. However, once the gambling, or whatever the addiction is starts, they lose that capacity to make rational decisions, and the deeper the addiction then the more likely it is that there is going to be relapse as the path to recovery is long, slow and fraught.³⁶

6.31 Associate Professor Paul Delfabbro noted that irrational beliefs about winning can over-ride rational beliefs:

One of the problems with educating gamblers and providing information to then is that there seems to be a disjuncture between what they will tell you

34 Mr Alan Moss, *Committee Hansard*, 1 February 2011, p. 37.

35 Mr Mark Henley, *Committee Hansard*, 1 February 2011, p. 49.

36 Mr Mark Henley, *Committee Hansard*, 1 February 2011, p. 49.

in the cold, hard light of day about the odds of gambling. Often we will find when we do some studies of gamblers is that their knowledge of the objective odds will be quite good. In fact their knowledge of mathematics will sometimes be quite good. Yet, at the same time they will endorse all sorts of irrational beliefs about the machine. I have had mathematicians who are pathological gamblers. They will tell me how to calculate the odds of the machine—they will say it is one over 25 to the fifth, based on the five reels—and then they will turn around and tell me how they beat the machine, which is entirely irrational.³⁷

6.32 He explained this is known as 'knowledge partitioning':

It is recognised in cognitive psychology that you have what is called knowledge partitioning. It is the neuroscientist who believes in astrology. People's emotions will often override their rational thought. It is recognised in modern cognition research that people have a high level of brain function which is very rational but we also have sort of lower-level processes which have a natural tendency to pick up connections and associations between things. In healthily functioning people we wash our car and see it rains and say there is no real connection there, it has just happened once. But in people who have a vested interest in a particular outcome and have very strong emotions vested in it, sometimes that high-level rational control or causal functioning does not suppress the natural instinctual sense that there are connections between things.³⁸

6.33 He added:

We are, like any other species, very much programmed to find connections and associations between things, to find how behaviours and stimuli link, because that helps us adapt and survive. This is what happens with gamblers. We can teach them about the odds but once they have gone to the venue certain things happen, they maybe have a large win when they first sit down at a machine and a lot of that rationality can disappear as their emotional arousal increases. That is why the whole notion of precommitment is a sensible avenue to pursue, because you try to get the person make a decision about their gambling before they have put themselves in that emotional situation where they might not be able to make those rational decisions, particularly about stopping gambling once it is underway.³⁹

6.34 Organisations which deal with problem gamblers described people desperate to control their gambling:

It is important for me to say that the majority of clients who come through our door actually want help. Our experience is that people really do want to get their gambling under control. By the time they have come to our

37 Associate Professor Paul Delfabbro, *Committee Hansard*, 1 February 2011, pp 71–72.

38 Associate Professor Paul Delfabbro, *Committee Hansard*, 1 February 2011, p. 72.

39 Associate Professor Paul Delfabbro, *Committee Hansard*, 1 February 2011, p. 72.

gamblers help program they have often hit rock bottom. We work with a number of high-profile, former professional people who have lost their jobs, their careers, their freedom and their families. By the time they get to us they really do genuinely want assistance either to learn how to gamble responsibly or to stop gambling altogether because they have an understanding of the detrimental impacts.⁴⁰

6.35 Examples were provided to the committee:

I will start with a couple of quotes from the research that we did in 2005, just to set the scene. We interviewed people on low incomes who identified that they had gambling problems. One of them who gambled on poker machines said:

[I set a \$20 limit] but I always end up spending more. I seldom make any money after spending \$20 ... When I am more centred I spend less. I do have a mood when I am very sensible and other moods when I am not sensible. I don't know what else there is to try.

That was someone trying but failing to control their gambling back in 2005. Another person said:

The strategies of trying to stop haven't worked. I haven't really been able to stop. The only time I have stopped is when I didn't have any money. ... I always thought I could stop.

I feel that these are just two examples of the many people out there who know that they have a problem with their gambling and who do desperately try to control their gambling. I see a precommitment scheme as a responsible action by government to help these people who are trying to stop losing so much money gambling.⁴¹

6.36 It was self-evident to Mr Gary Banks, Chairman, Productivity Commission, that problem gamblers could be rational:

An argument has been made that problem gamblers are unable to choose rationally at any point. We do not believe that is the case and we do not think that the evidence supports that. For example, many problem gamblers self-exclude from venues. These are people who have realised they have a problem and they have gone to the extreme solution of going cold turkey. Precommitment allows them to choose how much to spend et cetera but these people have chosen to self-exclude. That tells me that those people appreciate they have a problem and they have taken action. Many more people we think who are problem gamblers would use a precommitment system to do something short of that draconian self exclusion option but self exclusion would be part of the system.⁴²

40 Mr Mathew Rowell, Chief Executive Officer, Relationships Australia, Tasmania, *Proof Committee Hansard*, 18 February 2011, p. 19.

41 Ms Margie Law, Anglicare Tasmania, *Proof Committee Hansard*, 18 February 2011, p. 3.

42 Mr Gary Banks, *Proof Committee Hansard*, 15 February 2011, p. 46.

6.37 Mr Robert Fitzgerald, Commissioner, Productivity Commission, added:

...in talking to problem gamblers and problem gambling groups in both the 1999 inquiry and this inquiry they were very clear that there were moments of lucidity, moments of rational thought, and moments in which they will commit. What you do not want is a situation where you commit and 10 minutes later can change that commitment...⁴³

6.38 Dr Ralph Lattimore, Assistant Commissioner, Productivity Commission, further explained that:

...people are not uniform over time in their problems. The advantage that precommitment brings to such people is that they can commit during a lucid moment that binds their future, to avoid the irrationality that they know will be around the corner. The example of this that we give is Ulysses: he knows the sirens are there and ties himself to the mast. So you do not need to have a situation where people are not irrational; they can be irrational. The requirement for precommitment not to work is somehow that they are irrational all the time...⁴⁴

6.39 Dr Lattimore emphasised that problem gamblers are not irrational all the time and have periods of lucidity during which they try to implement various strategies to reduce their losses:

What we observe in relation to problem gamblers, both through evidence we have received and in the literature we have seen, is that they do try to take actions to precommit themselves such as to reduce their losses. For example, we have had anecdotal evidence of problem gamblers wearing thongs on their feet when they go out because they know that the dress codes in the clubs and hotels will preclude them from entering. There are various other stratagems that they have followed. They are all pretty imperfect substitutes for a formal process of precommitment.

We know that even extreme problem gamblers, short of being in absolute crisis and losing everything, voluntarily choose to self-exclude from venues, even though the hoops that they have to jump through to do that are quite onerous and significant and involve a certain amount of embarrassment and confrontation with other people in order to go through that. So these are two quite important examples, particularly the self-exclusion because, as I said earlier, self-exclusion is just an extreme form of precommitment: you are committing yourself not to gamble at all for some extended period of time.⁴⁵

6.40 He added:

...I do not think the point you make that irrationality is present amongst problem gamblers is being contested by parties. The issue is whether they

43 Mr Robert Fitzgerald, *Proof Committee Hansard*, 15 February 2011, p. 47.

44 Dr Ralph Lattimore, *Proof Committee Hansard*, 15 February 2011, p. 55.

45 Dr Ralph Lattimore, *Proof Committee Hansard*, 15 February 2011, pp 54–55.

experience moments of lucidity. It is interesting that if you ask people about some of the consequences of gambling, they are things like bills, for example. So people realise that if they have spent a lot of money that is a bad outcome. Some of the stories you hear are of people who have spent a lot of money and their experience after gambling has been to, for example, commit suicide. If there was an opportunity at the end of a period of playing when you could commit yourself, having suffered significant losses, we would expect people to use that strategy. We do see other strategies, as Gary has said, where people wear thongs, freeze their credit cards and in some cases even move to Western Australia.⁴⁶

6.41 Reinforcing this was evidence from Mr Stephen Menadue, a problem gambler who told the committee about his multiple but ultimately failed attempts to get himself excluded from venues while he was in a rational state.⁴⁷

Committee view

6.42 The committee agreed with those who argued that problem gamblers are capable of making rational decisions when they are not in the grip of their addiction, and that mandatory pre-commitment is a tool which would allow them to exercise a rational choice.

Setting limits

6.43 The committee heard that in line with the consumer sovereignty principle, players be allowed to set high personal spending limits or even no limits.

6.44 Associate Professor Paul Delfabbro argued that even if players set their limits higher—above any mandated upper limit—the conscious act of setting limits would be beneficial:

The Productivity Commission discusses the possibility of having a default limit; in other words, you have a limit of, say, \$100 a day which is set by the state. You only spend above that when you make an actual effort to change that from \$100. As the commission points out, from all the research a lot of the people will not make the effort to change that. Possibly that in itself may serve as some safeguard for some pathological gamblers, particularly those who are aware of the fact that they have a problem and maybe contemplating change. For those who are quite technologically savvy and also in a state of denial, they probably will reset the limit to a higher one. But they have to make that conscious decision to do so. That does encourage them to at least make a conscious decision about control—actually having to do something with the technology. I think that is a good thing.⁴⁸

46 Dr Ralph Lattimore, *Proof Committee Hansard*, 15 February 2011, p. 55.

47 Mr Stephen Menadue, *Proof Committee Hansard*, 18 February 2011, p. 46.

48 Associate Professor Paul Delfabbro, *Committee Hansard*, 1 February 2011, p. 70.

6.45 Ms Jo Flanagan, Manager, Social Action and Research Centre, Anglicare Tasmania, emphasised that pre-commitment is about 'enabling people to set limits for themselves to manage a problem which is essentially an addiction'.⁴⁹ Ms Margie Law, Anglicare Tasmania expanded on this point:

Our research and counselling shows that people with a gambling problem desperately want to control their gambling because they do not want to lose their house, their wife or husband or access to their children, and they do not want to lose their job. So far, the only way of controlling their gambling is either through self-will or self-exclusion. Self-exclusion is not 100 per cent effective and when their self-will crumbles—some people we have interviewed or seen through counselling have gone without gambling for months. It is a bit like smoking. They go without gambling for months and then something happens in their life and they go back to gambling, they break or revoke their self-exclusion. They are desperately trying to control their gambling. I believe that if there were a precommitment scheme in place a large number of people with a gambling problem, after they have lost money and especially if they are feeling guilty, would try to set a realistic limit.⁵⁰

6.46 Mr Gary Banks, explained the view of the Productivity Commission in relation to problem gamblers setting high limits:

...while the problem gambler may well set quite a high limit, my understanding...is that some of the evidence suggests that they are less likely to do that than recreational gamblers and more likely to realise that they have a problem and set a limit that is more realistic.⁵¹

6.47 Some suggested mandatory upper limits could be set by the government. Professor Malcolm Battersby pointed out that:

...unless compulsory, mandatory limits are set for everybody, they certainly will not work to a significant degree. Voluntary limit setting and things like that obviously might help some people. If you go through the Sarah Hare report into the trial in South Australia, it looks like some of the problem gamblers actually reduced their turnover to some degree, but [there] were also the ones who broke their limits, reset limits or did not set limits. There is small evidence from the sample of 90 people, including 16 addicted gamblers and 34 borderline gamblers, but even that small sample showed that they cannot really manage to control and set their limits on a consistent basis. So I think mandatory limit setting by the state, the government or somebody is the only real way to protect borderline and problem gamblers.⁵²

49 Ms Jo Flanagan, Anglicare Tasmania, *Proof Committee Hansard*, 18 February 2011, p. 4.

50 Ms Margie Law, *Proof Committee Hansard*, 18 February 2011, p. 11.

51 Mr Gary Banks, *Proof Committee Hansard*, 15 February 2011, p. 46.

52 Professor Malcolm Battersby, *Committee Hansard*, 14 February 2011, p. 56.

6.48 It was also suggested that to assist people set affordable limits on their losses, pre-commitment include a component on player education.⁵³ Others added that assistance could be made available through counselling services for those who want help to set their limits:

...potentially, there could be a role for counsellors—for those people who are seeing counsellors—to be there at the venue with them when they decide on their daily limit.⁵⁴

Committee view

6.49 The committee was cognisant of the principle of consumer choice, but did not see that this would be undermined if players are required to set binding limits before play commences. In fact, this aligns with the principle of informed choice and would promote more conscious decision-making. The committee does not propose that an upper maximum loss limit be mandated, as this would undermine the principle of consumer sovereignty.

6.50 The committee is strongly of the view that spending limits are only useful if they are enforced. Players must be prevented from exceeding their pre-set limits either on the machine on which they have been playing, or on any other high intensity machine which they might be able to access. The technical solution should also address the issue of 'venue hopping' where problem gamblers might move across multiple venues in order to continue gambling, as well as cross-border issues.

6.51 The committee accepts the evidence that the process of making a decision is likely to encourage a player to think about affordability and accepts that it may be necessary for some problem gamblers to go through the process of setting limits more than once as they learn new healthier gambling behaviours.

Recommendation 13

6.52 The committee recommends that players set binding spending limits but does not specify an upper limit.

Recommendation 14

6.53 The committee recommends that players be prevented from further play—locked out—once they reach their pre-set spending limit.

Recommendation 15

6.54 The committee recommends that players be prevented from circumventing pre-set spending limits by machine and/or venue hopping.

Recommendation 16

53 Victorian InterChurch Gambling Taskforce, *Submission no. 35*, p. 3.

54 Ms Margie Law, Anglicare Tasmania, *Proof Committee Hansard*, 18 February 2011, p. 15.

6.55 The committee recommends that player education be made available and counselling services be offered to assist players set affordable limits.

Default limits

6.56 Some proponents of mandatory pre-commitment argued that there should be default settings already on a card which the player could choose to use or modify. The Productivity Commission which described these as 'vanilla' limits, concluded these would act as an additional safety feature and encourage low risk playing. A number of witnesses agreed with this approach.⁵⁵ Dr Charles Livingstone summarised this view:

In terms of setting limits, we actually think that any system implemented should have default limits. I think the Productivity Commission cited this as a possible outcome—a 'vanilla limit', they said. We think that should be relatively modest, and it should be fixed by some reference to, say, average weekly earnings; but people could adjust that accordingly—they could certainly adjust it down at any time.⁵⁶

6.57 Some also pointed out that these default limits might better suit the recreational gambler. Dr Mark Zirnsak, Chair, Victorian InterChurch Gambling Taskforce stated:

Our recommendations have been that the default limits be set at a reasonable range so that for the vast majority of people who are recreational gamblers, once they have got their device, whether it is a card or some other device or some other system to access the precommitment system, they can pretty much set and forget.⁵⁷

6.58 As to what level these default limits should be set at, the committee was presented with a range of views. Mr Mark Henley from Uniting Care Wesley suggested:

Here we take the option of using default settings as initial settings that the customer can vary, but we suggest that the session spend limit—that is, the default system for any precommitment system—would start as the average session spend across that jurisdiction. That data is available to the industry; it is not available to us. Let's start by saying: 'Here's the average spend per session in this jurisdiction. That becomes the default limit for a session spend in that jurisdiction.'⁵⁸

55 Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 10.33; Responsible Gambling Advocacy Centre *Submission 48*, p. 10; Mr Mark Henley, Manager, Communications, Uniting Care Wesley, Adelaide, *Committee Hansard* 1 February, p. 45.

56 Dr Charles Livingstone, *Proof Committee Hansard*, 2 February 2011, pp 43–44.

57 Dr Mark Zirnsak, *Proof Committee Hansard*, 2 February 2011, p. 18.

58 Mr Mark Henley, *Committee Hansard*, 1 February 2011, p. 45.

6.59 Mr Robert Chappell, Independent Gambling Authority, SA, suggested an annualised figure could be considered:

In general terms, Senator, you have said something that resounds with me, in the sense that it might make sense to help people set their limits by annualising them and converting an annual figure into what might be a typical daily spend. If you said you were prepared to spend \$5,000 a year playing slot machines and you were going to play fortnightly, that is \$5,000 divided by 26, and you would say your daily limit could be something like that.⁵⁹

6.60 Others suggested specific cash amounts be mandated, ranging from \$20 up to \$100 or \$200 per day.⁶⁰

Committee view

6.61 The committee agrees with the proposition that a default limit be in place on newly acquired cards which the player can choose to use, or modify. Given the range of views on what this default limit should be, the committee took the view it would be determined by an independent national regulatory authority. This authority would determine the default taking into account, for example, average spends and affordability issues.

Recommendation 17

6.62 The committee recommends that all pre-commitment cards be issued with a pre-set default spending limit which the player can choose to use or modify.

How long should limits apply?

6.63 Different views were offered on the length of time a binding spending limit should apply.⁶¹ Former problem gambler Ms Pinkerton favoured aligning this time period with however long the cooling off period was:

With regards to changing limits that are set, if you set a daily limit and you want to increase the limit then there should be at least the equivalent time as a wait period. So if I set a daily limit I would have a wait of one day before the increased limit would come into effect. If I set a weekly limit, the wait until the new limit comes into effect should be a week; if I set a yearly limit, the wait should be a year.⁶²

59 Mr Robert Chappell, *Committee Hansard*, 1 February 2011, p. 32.

60 A pre-paid card with a \$20 limit was suggested by Ms Margie Law of Anglicare Tasmania, *Proof Committee Hansard*, 18 February 2011, p. 14. Associate Professor Paul Delfabbro cited the higher range, *Committee Hansard*, 1 February 2011, p. 70.

61 The length of time the limit should apply is how long the player wants to keep their limit at the specified amount.

62 Ms Sue Pinkerton, *Committee Hansard*, 1 February 2011, p. 62.

6.64 The Productivity Commission spoke of aligning the time period for setting limits with a pay or budgetary period, such as a fortnight as it will encourage people to consider affordability issues in the context of their budget.⁶³

6.65 Most agreed that if the player wanted to reduce their limit this should take effect immediately:

Having said that, if I wish to reduce the limit from \$200 a day down to \$100 a day, that should come into effect immediately.⁶⁴

Committee view

6.66 The committee is attracted to a two week period for a limit to apply as it aligns with common family budgetary and pay cycles. This two week period will promote more responsible decision-making amongst gamblers. Players will be confronted with having to consider a much higher potential loss amount than they would if they were setting a smaller daily limit. Twenty dollars lost on a daily basis may not seem concerning to the player, but potentially losing two hundred and eighty dollars when considered in the context of a fortnightly budget may force a player to consider affordability issues. Nevertheless the committee is mindful there are differing views on this issue, including that players value flexibility, so this recommended time period may need to be reviewed.

Recommendation 18

6.67 The committee recommends that the card include a default time period which specifies the duration of the spending limit (decreasing a limit will take immediate effect) which the player can choose to use or modify. The committee suggests the length of this default time period could be a common budgetary period such as a fortnight. The minimum timeframe it could be modified down to is 24 hours.

Cooling off period

6.68 Most supporters of pre-commitment also agreed that when limits are first set or increased a mandatory 'cooling off' period should apply. The cooling off period is the time period that must elapse before an increase to the limit can take effect.⁶⁵ Some argued that cooling off is a necessary consumer protection measure which allows players to 'become more aware of their spending patterns and commitments and make wiser decisions as consumers about how they choose to gamble and how much they are prepared to spend'.⁶⁶ It was also argued that by making players feel their decision

63 Productivity Commission, *Proof Committee Hansard*, 25 March 2011, p. 38, 39.

64 Ms Sue Pinkerton, *Committee Hansard*, 1 February 2011, p. 62, also Dr Charles Livingstone, *Proof Committee Hansard*, 2 February 2011, p. 43.

65 Cooling off is different to the duration of the limit.

66 Mr Simon Schrapel, President Australian Council of Social Service, *Committee Hansard*, 14 February 2011, p. 101.

was not fixed forever it would encourage them to view pre-commitment more favourably as a flexible and 'useful tool'.⁶⁷

6.69 Mr Mathew Rowell, Relationships Australia, Tasmania, explained the need for a cooling off period:

In the moment, where people have lost a significant proportion of their income on a particular day, the impulse to then continue to play the games in order to recover that money is high. At the same time, if someone faces some kind of reality check and decides to reduce the limit, then being able to respond to that in a proactive way by reducing their limit as soon as possible would add to the harm minimisation approach. Providing a cooling off period for increases is really important in ensuring that people do not continue to bear those losses.⁶⁸

6.70 In terms of how long the this period should be, some suggested that the minimum cooling off period be 24 hours; others suggested longer periods—48 hours or even quarterly.⁶⁹

As to when they should take effect, I do not see any reason why people should be able to make changes to their limits any more than once a quarter, for example. And those limits should apply, as Richard has said, even in cases of a lost device or card or whatever.⁷⁰

Committee view

6.71 The committee agrees that players should be required to wait a specified time—a cooling off period—before they can increase their limits. Those who chase their losses will benefit from a cooling off period as it will block their chasing behaviour. There were a range of views on the optimal length of this period, but many nominated a minimum of 24 hours.⁷¹ Witnesses also agreed that the length of the cooling off period be in line with the limit setting period. The committee believes that players should not be allowed to change their time limits during the period they have specified. For example, a player choosing the minimum 24 hour timeframe would have a cooling off period of 24 hours before their limits could be increased. Whereas a player who has chosen a two week timeframe for a limit to apply would need to wait until the end of this period to increase their limit.

67 Associate Professor Paul Delfabbro, *Committee Hansard* 1 February 2011, p. 80.

68 Mr Mathew Rowell, *Proof Committee Hansard*, 18 February 2011, p. 18.

69 24 or 48 hours was suggested by Mr Mark Henley, *Committee Hansard*, 1 February 2011, p. 47.

70 Dr Charles Livingstone, *Proof Committee Hansard*, 2 February 2011, p. 44.

71 For example, the Responsible Gambling Advocacy Centre, *Submission 48*, p. 11; Dr Jennifer Borrell, *Submission 109*, p. 2; South Australian Heads of Christian Churches Gambling Taskforce, *Submission 114*, p. 8; Uniting Care Australia, *Submission 115*, p. 2.

Recommendation 19

6.72 The committee recommends that players be unable to increase their spending limit during the time period they have specified for their limit to apply.

How frequently should the limit be reviewed?

6.73 A number of witnesses suggested players should be regularly prompted to review their limits. The Victorian InterChurch Gambling Taskforce favoured an approach which was not too frequent to avoid annoying the player:

We would suggest the frequency should not be at a level that will be annoying to the gambler, but not so infrequent as to be meaningless. Thus, a period of around three months would seem reasonable between being requested to confirm if no limits remains a person's preference.⁷²

6.74 The South Australian Council of Social Services agreed, although they suggested that prompts to players be at least weekly.⁷³

Committee view

6.75 While the committee acknowledges that prompting players to regularly review their limits has merit, it is mindful that doing so too frequently could unnecessarily annoy the player. Balanced against this is the need to encourage players to actively monitor their expenditure and ensure that regular prompting does not encourage players to increase limits. The committee regards an annual prompt to players to review limits, perhaps on the anniversary of first obtaining the card, would be appropriate.

Recommendation 20

6.76 The committee recommends that players be prompted to review their limits every twelve months.

Where to set limits

6.77 The committee heard arguments that players should set their limits away from the stimulus of the gaming environment. Associate Professor Paul Delfabbro pointed to the emotional arousal that gaming venues can stimulate impairing rational decision-making:

We can teach them about the odds but once they have gone to the venue certain things happen, they maybe have a large win when they first sit down at a machine and a lot of that rationality can disappear as their emotional arousal increases. That is why the whole notion of precommitment is a sensible avenue to pursue, because you try to get the person make a decision about their gambling before they have put themselves in that

72 Victorian InterChurch Gambling Taskforce, *Submission 35*, pp 5–6.

73 South Australian Council of Social Services, *Submission 90*, p. 4.

emotional situation where they might not be able to make those rational decisions, particularly about stopping gambling once it is underway.⁷⁴

6.78 The Responsible Gambling Advocacy Centre argued:

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.⁷⁵

6.79 Other locations that were suggested included online via the internet, at shopping centres or at a designated agency.⁷⁶

Committee view

6.80 The committee accepts the proposition that limit setting should be conducted away from the direct influence of gaming machines in order to minimise their seductive influence. Provided the location of the limit setting is well away from these machines, the committee does not consider that limit setting must occur outside the gaming venue itself.

Recommendation 21

6.81 The committee recommends that the process of setting limits not occur in close proximity to gaming machines.

Messaging

6.82 The committee heard evidence that players should receive messages alerting them they are near to reaching their limits. Uniting Care Wesley, Adelaide expressed this view to the committee:

It is of crucial importance to us that, whatever the consequences of exceeding the limit, there must be a visual message to the gambler. There must be the option for text messages to go directly to the patron or to third parties and there must be active involvement from the venue.⁷⁷

6.83 The Independent Gambling Authority, SA, suggested that messages be meaningful and highlight where gambling expenditure is likely to be harmful:

Perhaps the way to make it work in the context that you have been speaking about is that if you put into the screen, 'I would now like my daily limit to be \$300,' then the computer would say, 'Did you realise that that is the

74 Associate Professor Paul Delfabbro, *Committee Hansard*, 1 February, 2011, p. 72.

75 Responsible Gambling Advocacy Centre, *Submission 48*, p. 11.

76 Responsible Gambling Advocacy Centre, *Submission 48*, p. 11.

77 Mr Mark Henley, *Committee Hansard*, 1 February 2011, pp 45–46.

equivalent of spending \$12,000 a year?' and that would help people make an informed choice.⁷⁸

6.84 Ms Sue Pinkerton went further and suggested messages be personalised so as to reflect the actual expenditure of individuals and warn them of excessive expenditure:

There should also be a mandatory on-screen display of a gambler's monthly gambling activity prior to the commencement of their gambling on any given day. This is a no-brainer too. This would be a pop-up which, for example, would say: 'In the last month you have spent X amount of dollars; in the last year you have spent this much; in the last session you spent that much. Do you wish to continue? Yes/No.' It is easy to do.⁷⁹

6.85 Anglicare Tasmania also suggested that progress warnings be given when the player starts to reach their limits, and that these include messages such as 'don't forget the kids' or 'go home'.⁸⁰

6.86 The NSW government also indicated it 'strongly supported' dynamic warning and cost of play systems, but noted the design of such systems should be determined by research.⁸¹

Committee view

6.87 The committee agrees that messages alerting players that they are close to reaching their limits can be a useful tool and will promote safer gambling behaviour among players. It may also avert negative reactions when people reach their limit as the approaching limit will be clearly conveyed several times to the player.

6.88 Some venues offer staff interaction with gamblers who are identified as displaying problem gambling behaviours.⁸² Consideration could be given to expanding this staff interaction to include those who routinely reach their limit.

Recommendation 22

6.89 The committee recommends that the system include dynamic warnings to alert players when their limit is approaching and it include the capacity to personalise messages.

78 Mr Robert Chappell, *Committee Hansard*, 1 February 2011, p. 33.

79 Ms Sue Pinkerton, *Committee Hansard*, 1 February 2011, p. 57.

80 Anglicare Tasmania, *Submission 56*, p. 7.

81 NSW Government, *Submission 110*, p. 9.

82 For example, as part of a responsible code of gambling conduct, players who display problem gambling behaviours are referred by venue staff to appropriate gambling help services.

Other pre-commitment features

Links with self exclusion

6.90 Self-exclusion is where a problem gambler agrees to exclude themselves from specified gambling venues. All states and territories offer self-exclusion as an option for problem gamblers. Typically, the gambler must first register in order to self-exclude.⁸³ However, the committee heard evidence that there are limitations with current self-exclusion arrangements, including for example, that enrolment can be cumbersome and it is too easy for gamblers to avoid identification.⁸⁴ Some submissions suggested that linking pre-commitment to self-exclusion could improve this situation:

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.⁸⁵

6.91 Some options for linking with self-exclusion could include:

As part of a pre-commitment system, self-exclusions should be built into the technology that delivers pre-commitment. This will require both that a gambler can't access a new pre-commitment card (or whatever the device) for the period of their self-exclusion or, in the case of venue-specific self-exclusion, that the card can't be used in particular venues pre-agreed by the gambler.⁸⁶

6.92 Or:

If a person logs onto a machine, their photograph would come up on a machine in some place like a backroom and someone would see that they were there. That is much more easily recognisable than a photo on a wall that no-one can actually recognise.⁸⁷

83 Some jurisdictions also offer third party initiated exclusion where there is a reasonable belief someone may be a problem gambler. For details see Australasian Gaming Council, *A Database on Australia's Gambling Industry 2009/10*, AGC, Melbourne, 2010, chapter 9.

84 St Vincent de Paul (Queensland), *Submission 50*, Attachment B, p. 6; see also Dr Charles Livingstone, *Proof Committee Hansard*, 2 February 2011, p. 42.

85 Responsible Gambling Advocacy Centre, *Submission 48*, pp 12–13.

86 South Australian Council of Social Services, *Submission 90*, p. 3.

87 Mr Earle Rowan, *Committee Hansard*, 14 February 2011, pp 17–18.

6.93 Dr Kerry Chambers spoke about the system in Nova Scotia where players can self-exclude on pay days or for a longer time if they have experienced a potential gambling trigger such as a death in the family.⁸⁸

6.94 It was also pointed out to the committee that enabling self-exclusion on pre-commitment cards could save considerable time and effort elsewhere:

At the moment, a lot of the energy in our barring process goes to persuading people that they need to focus their barring on the venues they attend. We like to make sure that people do not get themselves barred from 400 places but that they get themselves barred from 20. That is partly because of the enforcement and compliance issues at the other end. In South Australia the breakdown is 90 per cent publicans and 10 per cent clubs, and we cannot expect publicans and club managers to be tracking hundreds and hundreds of photographs in their venues because everyone is barred from 400 places. If we had a card system like this, the authority's orientation would change completely. People would apply for barring and the default would be that you are barred from everywhere, because it could be enforced systematically.⁸⁹

6.95 Venues might also see some benefits as the following exchange shows:

Mr CHAMPION—No. The precommitment system would help that process because, in effect, we could use technology quickly and simply and help the publicans to prevent a problem.

Mr Chappell—Yes. It would relieve an enormous compliance burden on the licensees because the system would do the enforcement and they would not have to be looking after them at all.⁹⁰

Committee view

6.96 The committee accepts the proposition that enabling self-exclusion on the pre-commitment card is a sensible option that would deliver real benefits for those who find current self-exclusion arrangements are failing them. It would also remove a significant monitoring burden from venues. A player should also be able to self-exclude for varying periods to encompass the need to not play in a month when an individual has no discretionary funds for gambling or events such as a death in the family which could be a trigger for some to return to gambling.⁹¹ As with pre-commitment spending limits a player who self excludes for a certain period of time should not be able to shorten that period within the specified timeframe. The pre-commitment card should complement existing self-exclusion arrangements where

88 Dr Kerry Chambers, *Proof Committee Hansard*, 25 March 2011, p. 4, 5.

89 Mr Robert Chappell, *Committee Hansard*, 1 February 2011, pp 26–27.

90 Mr Robert Chappell, *Committee Hansard*, 1 February 2011, p. 27.

91 Dr Kerry Chambers, *Proof Committee Hansard*, 25 March 2011, p. 4.

these are seen to work, in order to ensure that players have the most effective self-exclusion options available to them.

Recommendation 23

6.97 The committee recommends that a self-exclusion option be enabled on the pre-commitment card and varying periods for self exclusion be made available. This could be linked to existing jurisdictional exclusion schemes to provide players with effective self-exclusion options.

Recommendation 24

6.98 The committee recommends that players who self-exclude for a certain period of time should not be able to shorten that period within the specified timeframe.

Identification and privacy issues

6.99 The committee heard from a number of witnesses that the pre-commitment scheme should require players to provide some proof of identity in order to obtain the pre-commitment card:

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.⁹²

6.100 Concerns were raised that problem gamblers might resort to multiple cards or gamble across multiple venues, if identity processes were inadequate.⁹³ Cross border issues may also need to be addressed.⁹⁴

6.101 A number of submissions and witnesses supported the proposal that a driver's license be used for ID. The Productivity Commission suggested that this ID could also be used to verify a player's identity in the event of a payout:

...one way of ensuring, for example, that gamblers did not swap cards and so on would be to ensure that the larger prizes had to be paid out and that they would only be paid out with identification—a drivers licence or something...⁹⁵

92 Responsible Gambling Advocacy Centre, *Submission 48*, p. 11.

93 Mr Steven Ciobo MP, *Committee Hansard*, 14 February 2011, p. 38 and p. 39; Mr Steven Ciobo MP; *Committee Hansard*, 4 February 2011, p. 69.

94 The technical challenges around cross border issues are briefly discussed in chapter seven.

95 Mr Gary Banks, *Proof Committee Hansard*, 15 February 2011, p. 48.

6.102 Some submissions supported biometric ID in the event that the individual did not have photo 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.⁹⁶

6.103 Others, like the IGA rejected biometrics:

This is really a question of marginal effectiveness. If you wanted to lock down everyone, you might adopt Mr Ryan's technology that uses a thumbprint. The authority has considered that particular question and does not believe that the level of security you need for this sort of program requires a biometric identification.⁹⁷

6.104 The Productivity Commission also saw no need for biometrics:

...it does not need to be biometric. The issue is identification, and biometric would usually relate to things like fingerprints or eyes and so on. It merely has to be a robust approach to identifying people. Of course, we use those approaches in a range of official areas; passports or to have a post office box. Even if you want to get a mobile phone these days you have to demonstrate who you are. So it does not have to be biometric in approach...⁹⁸

6.105 Mr Tom Cummings a former problem gambler also did not see the need for biometric options to be pursued:

While biometric scanning (fingerprinting) is one option, I believe that it is the least likely to be adopted. Public perception is against it. However, the same industry that rejects fingerprinting as an invasion of privacy is happy to fingerprint their drinking patrons; biometric scanning is in widespread use in pubs and clubs in NSW.⁹⁹

6.106 The committee heard that biometric measures were already being employed in some NSW hotels. According to a recent newspaper article a number of hotels in Sydney have introduced fingerprint scanning to identify their patrons, as described in the following exchange:

Mr STEPHEN JONES—I will quote from it then:

The fingerprint scanning system takes a photograph of the patron, scans their ID and takes a fingerprint which is converted into a map of the meridian points on the print and converted into a PIN. When a patron returns, the scanner matches the meridian points of their finger to the code to find their identity. The company insists there are no

96 Relationships Australia (SA), *Submission 67*, p. 3.

97 Mr Robert Chappell, *Committee Hansard*, 1 February 2011, p. 39.

98 Dr Ralph Lattimore, *Proof Committee Hansard*, 15 February 2011, p. 48.

99 Mr Tom Cummings, *Submission 113*, pp 2–3.

fingerprints kept in the system. Patrons can request their details be deleted from the system although not if they are flagged as troublemakers.

ID Tect scanners scan identities into a database which can be shared with hundreds in the country. The system stores the data for 28 days and then it is deleted.

The article goes on to talk about the sharing of biometric data between hotels within and outside Sydney.

Mr Whelan—Is that right? Which hotels?

Mr STEPHEN JONES—This was the Coogee Bay Hotel.¹⁰⁰

6.107 The Australian Hotels Association (AHA) did not dispute the use of biometrics in NSW hotels, although they argued against the collection of personal information for the purposes of pre-commitment. Mr John Whelan, AHA, defended the use of biometrics in NSW hotels as being necessary in some cases:

I also understand that those hotels have been forced to undertake those types of measures due to alcohol related issues and possibly in consultation with the local police force. I think what you are talking about there is only a dozen or so hotels out of 3½ thousand across Australia that have gaming machines. So I do not think you can really hold them up as representing the entire industry.¹⁰¹

6.108 The issue of the storage and security of personal information was also raised by others. Some expressed the view that the pre-commitment system would require a large database to manage player information:

The size of the database will be extremely large, ultimately holding player records of more than five million customers. Australia has approximately 5,700 venues that offer gaming machines to customers and there will need to be clear procedures in place to allow customers to set and change limits and procedures in place to answer queries and issue replacement cards. The security and administration of this data base may require the type of procedures applied for the Medicare data base. This will be costly to operate and consideration must be given to who will pay for the operation of this system.¹⁰²

6.109 It was even suggested to the committee the database could be managed by an independent non-government operator, chosen by tender:

Mr FRYDENBERG—Taking up this issue of privacy concerns, you say on page 26 of your report that ‘only the independent scheme operator’ would

100 Mr Stephen Jones MP, Mr John Whelan, Australian Hotels Association, *Proof Committee Hansard*, 15 February 2011, p. 17. The article referred to was: N O'Brien, E Duff, 'To drink here, first queue to give fingerprints', *Sun Herald*, 30 January 2011.

101 Mr John Whelan, *Proof Committee Hansard*, 15 February 2011, p. 18.

102 Australasian Casino Association, *Submission 93*, p. 8.

maintain the database linking the smart card number and the details of the cardholder. Who do you envisage to be the independent scheme operator?

Mr Donald—This is a process we suggest you tender. It is most likely to be a major computer supplier in Australia—an IBM, a Unisys, a Fujitsu or someone of that ilk.

Mr FRYDENBERG—You are saying that a nongovernment agency would possess all this information?

Mr Donald—They do now. A lot of health and other departments outsource their computer operations.¹⁰³

6.110 Not everyone agreed that a large centralised database would be necessary. The Independent Gambling Authority, SA, rejected this view and suggested the necessary data could be kept on the card itself:

Mr FRYDENBERG—But there are sensitive issues too in terms of the issuing authority and where the money is being spent.

Mr Moss—There could be; it depends on how it is designed. I do not see that there is any great necessity to design it in a way which necessitated that sort of collection or storage of information.

Mr Chappell—If privacy is a huge concern, then that points you more in the direction of a smart chip type card where the data is kept on the card. That would reduce the need for aggregation in a centralised database. If you went for the drivers licence type option then of necessity there would be payment, transaction and player records that would have to exist for a period of time.¹⁰⁴

6.111 It was also emphasised that players should only be able to obtain one card, not multiple cards:

There should be the establishment of a one person, one card system. I should be able to obtain only one card, not multiple cards.¹⁰⁵

Committee view

6.112 The committee's view is that whatever pre-commitment technology is implemented it must be robust and meet key privacy and security standards. Essential features of the system must include that it be simple to use and easy to register, it must demonstrate integrity and robustness to meet security concerns, it must minimise fraud and card-swapping, and it must meet national privacy standards. The committee agrees with those who explicitly reject proposals around biometrics.

103 Mr Josh Frydenberg MP and Mr Ian Donald, *Proof Committee Hansard*, 2 February 2011, p. 62.

104 Mr Josh Frydenberg MP, Mr Alan Moss and Mr Robert Chappell, *Committee Hansard*, 1 February 2011, p. 34.

105 Ms Sue Pinkerton, *Committee Hansard*, 1 February 2011, pp 57–58.

Recommendation 25**6.113 The committee recommends that only basic identification information be collected for the purposes of verification.***Make it simple*

6.114 Many witnesses emphasised that whatever pre-commitment scheme was adopted, it should be simple and easy to use, also taking into account cultural diversity:

I noticed in the Hare report that there was lots of feedback from people interviewed that they just did not understand the system and they made mistakes about how they set limits or did not set limits and so forth. I suspect really strongly that they and other disadvantaged groups—culturally diverse groups, Asian populations, migrants from Iran and Iraq that we see in our gambling services—would have a lot of trouble negotiating their way through these sorts of systems. So another submission I am making is that the systems should be mandatory and compulsory across Australia and they should be really simple. It should not be some great, complicated system—choose this, choose that and so forth—so everybody can understand what the rules are and the Australian population can tell their neighbours, ‘The most you’ll be able to spend on a machine today is \$150,’ or \$200, \$300 or whatever it is. It should be common knowledge. It is a simple system.¹⁰⁶

6.115 The Victorian InterChurch Gambling Taskforce emphasised that pre-commitment ‘needs community education and the promotion of it being a tool for all players’.¹⁰⁷ The Responsible Gambling Advocacy Centre explained in further detail:

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.¹⁰⁸

6.116 Relationships Australia recommended that an educational campaign be funded prior to the introduction of pre-commitment:

We recommend that sufficient resources be devoted to a national education program about a precommitment scheme well before its introduction in order that people using EGMs post implementation do so with enough knowledge to make informed judgements.¹⁰⁹

106 Professor Malcolm Battersby, *Committee Hansard*, 14 February 2011, p. 56.

107 Victorian InterChurch Gambling Taskforce, *Submission 35*, p. 3.

108 Responsible Gambling Advocacy Centre, *Submission 48*, p. 8.

109 Relationships Australia, *Submission 72*, p. 4. See also Dr Kerry Chambers, *Proof Committee Hansard*, 25 March 2011, p. 6.

6.117 Furthermore:

...all information about the pre-commitment system, information about gambling on EGMs and information about help services be available in a range of languages and formats, in order that those with literacy problems, those from culturally and linguistically diverse backgrounds, and those with intellectual disabilities all have an opportunity to understand the scheme, the financial implications of gambling, and support services available.¹¹⁰

6.118 The committee was urged to consider the tenets of the Ottawa Charter¹¹¹ in the development of any public awareness or education campaign and to:

...use words and images that are directly relevant so, if we are using the affected and effected communities in the development of those messages, their language will be included and those messages will resonate with that percentage of people that have problems.¹¹²

6.119 Furthermore, the committee was warned that the absence of such a campaign could undermine the success of a pre-commitment strategy:

But, more generally, I do not believe that any government program has ever been effective without there being resources committed to explaining to people what it is that the government is attempting to achieve.¹¹³

Committee view

6.120 The committee agrees that a national education or awareness campaign is required in order to raise public awareness around pre-commitment.

Recommendation 26

6.121 The committee recommends the new national regulatory authority be tasked with developing an appropriate national awareness campaign aligning with the principles of the Ottawa Charter, to raise public awareness of pre-commitment.

110 Relationships Australia, *Submission 72*, p. 4.

111 The Ottawa Charter developed in 1986 is an international statement for action on health promotion, widely used in the health promotion sector. See World Health Organization, *Health promotion* webpage, <http://www.who.int/healthpromotion/conferences/previous/ottawa/en/> (accessed 15 March 2011).

112 Mr David Stanley, Chief Executive Officer, Convenience Advertising, *Committee Hansard*, 14 February 2011, p. 111.

113 Mr Chris Puplick, Chair, Convenience Advertising, *Committee Hansard*, 14 February 2011, p. 115.

Links to loyalty schemes

6.122 The issue of whether the pre-commitment card be linked with loyalty programs offered by venues was discussed with a number of witnesses. Some were opposed, suggesting it would send a mixed message:

From our point of view, it is really sending a mixed message. Loyalty cards are about increasing information and increasing sales to the venue—and we accept that it is not just gambling sales; it is sales across a range of hotel or club products or casino products. However, when the message about precommitment is about safe spending limits, that is about consumer protection and consumer safety, and that we think is a different message to that of a loyalty program which venues are operating.¹¹⁴

6.123 Others pointed out that linking to loyalty schemes could save venues money:

You could use the same card for that, and many clubs have that already. So there is a further saving. If you were to put a loyalty card on that, which you can dynamically load, there is a further saving, because people generally have a separate card for loyalty.¹¹⁵

6.124 It was also suggested that linking the card to a loyalty program would encourage a more favourable view of pre-commitment and be the basis for further personalised interaction with the player:

To encourage people to take up a card you have to give them something other than, ‘This is something that you don’t really need, because you say that you haven’t got a gambling problem, but we’d like you to take this card anyway.’ If you can give them some points or benefit for coming into your venue rather than the venue down the road, you might get them to take it up. Once you have them using the card, you will start having interaction with them. You will know who they are. You will know their name. You can send them information. When they are sitting at the machine, you can suggest things and give them reminders. You can ask them: ‘Do you have a problem with gambling? Do you need to put a limit on yourself to make sure that you do not spend any more than you need to?’ By personalising it, you can make sure that you can track their play. I would suggest that the advantage of offering loyalty along with precommitment is one of awareness.¹¹⁶

6.125 Mr Tony Toohey of eBet outlined how linking player loyalty programs with pre-commitment systems could be an incentive to players:

114 Mr Mark Henley, *Committee Hansard*, 1 February 2011, p. 47.

115 Mr Ian Donald, Technical Director, Regis Controls, *Proof Committee Hansard*, 2 February 2011, p. 60.

116 Mr Declan Martschinke, National Product and Marketing Manager, Maxgaming, *Proof Committee Hansard*, 3 February 2011, p. 14.

You can run both systems together in tandem or you can run them separately. You could have a player who is using a precommitment facility that does not earn loyalty points or vice versa. The flipside to that is that, as part of trying to bring the players on to a precommitment system, you could give them incentives to participate in precommitment. You could actually promote the whole concept of precommitment.¹¹⁷

6.126 It was pointed out to the committee that some clubs do not offer loyalty programs. Clubs that do have such programs may have members who prefer not to have their gaming tracked even if doing so might accrue loyalty points. Mr Robert Smith of Twin Towns explained:

Those people get to decide voluntarily whether they put that card into a gaming machine to receive loyalty points and the like when they play. The majority of people do not put that card into the machine and have their play tracked, for want of a better term. They choose not to take the loyalty points and they retain their private gambling activity.¹¹⁸

Committee view

6.127 The committee acknowledges there are differing views on this issue. It does not consider the case for prohibition with loyalty schemes is overwhelming, although it acknowledges there are legitimate concerns in some quarters. If individual venues decided in the interests of their members they would like to 'piggy back' their loyalty schemes onto pre-commitment this should not be prohibited. Monitoring the effects of linked loyalty programs on problem gambling would be a prudent measure.

Recommendation 27

6.128 The committee recommends that linking loyalty schemes with pre-commitment schemes not be prohibited, but this be monitored by the new national regulatory authority for adverse consequences.

A national regulator

6.129 It was proposed that a national regulator or agency be established to manage and drive pre-commitment:

I will conclude these brief comments by saying that we think that, in terms of managing the precommitment scheme and the sort of scheme that we have outlined, it is going to be essential that there is at least a national regulator or authority tasked with the responsibility of precommitment—quite possibly other gambling functions but certainly precommitment—and part of the role of this national regulator or authority would be to in fact manage data and release it for policy development.¹¹⁹

117 Mr Tony Toohey, *Committee Hansard*, 14 February 2011, p. 50.

118 Mr Robert Smith, *Committee Hansard*, 4 February 2011, p. 30.

119 Mr Mark Henley, *Committee Hansard*, 1 February 2011, p. 46.

6.130 While some suggested the agency should be established within a government department:

This committee needs to come up with some recommendations and reasonably quickly. You have to find a project champion and establish a national gaming and regulatory authority. In other words I would personally suggest it becomes an agency of Treasury to drive this.¹²⁰

6.131 Others suggested it be entirely independent:

The introduction of a mandatory precommitment system, electronically monitored and managed by an independent authority, is likely, in my considered opinion, to be an effective method of early intervention and prevention of the harms associated with excessive access to gaming machines.¹²¹

Committee view

6.132 The committee agreed it would be appropriate to establish a national independent regulatory body to oversee pre-commitment arrangements, develop new national standards which include the required pre-commitment features and other consumer protection measures. It should be a national body, with national oversight incorporating a jurisdictionally focussed inspection and monitoring regime. The new body needs to be established as soon as possible, because it will perform a key role in the implementation of mandatory pre-commitment and associated reforms. The precise role and functions of this agency should be agreed in consultation with jurisdictions and key stakeholder groups. Until this body is established, the committee recommends that the Department of Families, Housing, Community Services and Indigenous Affairs perform the functions of the new authority.

Recommendation 28

6.133 The committee recommends that a national independent regulatory body be established by the end of 2011 to oversee mandatory pre-commitment and associated reforms in all Australian jurisdictions.

Recommendation 29

6.134 The committee recommends that pending the establishment of the national regulatory authority, the Department of Families, Housing, Community Services and Indigenous Affairs perform the functions of the new authority.

120 Mr Ian Donald, *Proof Committee Hansard*, 2 February 2011, p. 56.

121 Ms Sue Pinkerton, *Committee Hansard*, 1 February 2011, p. 58.

Trial of pre-commitment features

6.135 The committee notes the recommendation of the Productivity Commission that a trial of pre-commitment be undertaken.¹²² As all trials to date have been on voluntary pre-commitment, a trial on the design features of mandatory pre-commitment could be particularly useful.

6.136 Mr Robert Fitzgerald, Commissioner, Productivity Commission, explained the purpose of a trial:

...the trial is not about whether there is precommitment—it is the nature of the precommitment, the actual design features.¹²³

6.137 Clubs Australia indicated qualified support for a trial:

Mr CHAMPION—You talk about there being no trials in mandatory precommitment. Let us say there was a trial and there was evidence that showed that it reduced problem gambling, and let us say it was an ideal world and there was no leakage to other forms of gambling and that recreational gamblers were not affected. Given that ideal scenario, if a trial was done and was shown to be successful, would Clubs Australia accept it?

Mr Ball—I think we would tick that box and say: ‘You’ve passed the first test. It is effective.’ The second question is: what does that mean as far as implementation and other costs go? That is the essence of a cost-benefit analysis. It has not been done yet, but we would be very happy to be involved in one.¹²⁴

6.138 Ms Nadine Grinblat, General Manager, Australasian Gaming Council, also supported the Commission's proposal of a trial to garner more detailed information:

We have already started trialling of voluntary systems. I think the learning from that, in and of itself, raised a number of issues where we did not realise that it might perhaps be an issue. With respect to simplification of programs, for example, it is very easy when you are an industry member to say, ‘This is all very clear and patrons will understand this very readily,’ but when you look at the South Australian trials you see that people were offered primary and secondary limits and very few people seemed to understand the option for secondary limits. So what you sometimes think is clear is not necessarily so.¹²⁵

122 Recommendation 19.2: 'The Australian Government should enter into negotiations with a state or territory government to sponsor a full-scale regional trial or trials of a full precommitment regime (recommendation 10.4), with trialling to commence by 2013', Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, p. 65.

123 Mr Robert Fitzgerald, *Proof Committee Hansard*, 15 February 2011, p. 65.

124 Mr Nick Champion MP and Mr Anthony Ball, Executive Director, Clubs Australia, *Committee Hansard*, 4 February 2011, p. 57.

125 Ms Nadine Grinblat, *Proof Committee Hansard*, 15 February 2011, p. 34.

6.139 Mr Gary Banks, Chairman, Productivity Commission, elaborated:

In relation to the trials, we saw that as quite an important way of understanding how to design a precommitment system to maximise its cost-effectiveness. As you know, there are a few things we left open, including default limits—how long the precommitment period would be for and so on—which really only trials would reveal in terms of the most efficacious. Of course, those things in turn could be adapted over time in a system which is actually operating. As I said earlier, one of the advantages of the kind of system that is based on a technological platform which is quite flexible and adaptable is that changes can be made over time to make the system more effective.¹²⁶

6.140 Dr Ralph Lattimore, Assistant Commissioner, Productivity Commission, added that Tasmania might be a good location for such a trial:

The other comment I would like to make about the implementation strategy is on the trial. We have seen trials of some forms of commitment technologies in a number of contexts and they provided quite useful information about aspects of commitment like player acceptance, how you sign people on and so on. But they all take the form effectively of partial and voluntary precommitment systems and they are like new year's resolutions—you have goodwill but you find it difficult to keep to them. The trial we are talking about has to take a particular form that stops them from becoming de facto partial precommitment systems. You would not want to have a circumstance where a particular pub, hotel or club had this technology but you could walk down the street and play on a machine that did not have that feature. That is why we have suggested the trial involve a reasonably large area. Bass Strait is a very nice natural barrier to people going and playing on other machines. In some ways Tasmania would be an ideal trial site. But the idea is to find somewhere to examine this issues rigorously such that people do not go and play on machines that do not include the feature. The details of implementation and things like the trial matter a great a deal.¹²⁷

6.141 The committee notes comments from Ms Liza Carroll, Department of Families, Housing, Community Services and Indigenous Affairs, indicating that the possibility of a trial is under consideration at COAG, but no specific discussions have yet taken place:

Senator XENOPHON—One of the recommendations made by the Productivity Commission is to have a trial before implementing mandatory precommitment through all jurisdictions. Obviously, it needs to be geographically robust so that you cannot have people just driving to the next suburb to play machines that do not have any form of precommitments. So presumably an island such as Tasmania or somewhere that is geographically isolated would prevent that impulse to go from one

126 Mr Gary Banks, *Proof Committee Hansard*, 15 February 2011, p. 44.

127 Mr Ralph Lattimore, *Proof Committee Hansard*, 15 February 2011, pp 45–46.

suburb to another. What consideration has been given by the departments to that? Is that factored in as a key part of the implementation—to at least have a trial to nut out any technical issues so that it could go smoothly in a broader rollout?

Ms Carroll—The government is yet to make a decision about what the implementation might look like and how a trial would fit into any implementation, but obviously it is one of the things under consideration. It would also require working with the states. It is one of the things that are being considered as part of that broader work with the states, but I could not provide a definitive answer on that at this stage.

Senator XENOPHON—So far only the Tasmanian government has indicated that it is willing to go along with mandatory precommitment, is that right?

Ms Carroll—At this stage there has not been a discussion at the select council meeting about a trial in a particular area and all of those sorts of things. So that is still under consideration but there have been no decisions made about what the implementation might look like.¹²⁸

Committee view

6.142 The committee agrees with those who advocate a trial of a mandatory scheme be undertaken. However, it does not regard a trial as being a pre-requisite for the introduction of the scheme. A trial will assist in refining particular features of the scheme, but does not obviate the need to implement a pre-commitment scheme within the proposed timeframe.

Recommendation 30

6.143 The committee recommends that a pre-commitment trial be conducted in one jurisdiction in order to further inform and refine key pre-commitment design features and help identify any unintended consequences. The trial should commence as soon as possible but not delay the timeframe for implementation.

Conclusion

6.144 The committee welcomes the range of views it received on the desirable features of a pre-commitment card. The committee considered all views, some it concurred with or partially accepted, in other instances views offered were considered but not accepted. However, the committee greatly appreciated this opportunity to hear a full range of views and is extremely grateful to all those who made contributions. The committee agreed there needs to be a key set of features that must apply nationally to the pre-commitment system. These are:

- introduction by the earliest possible date—2014;

128 Senator Nick Xenophon and Ms Liza Carroll, Deputy Secretary, Department of Families, Housing, Community Services and Indigenous Affairs, *Proof Committee Hansard*, 15 February 2011, p. 79.

- a requirement for all players to set their maximum loss before they start gambling;
- lock out when limits are reached;
- cooling-off periods for limit increases;
- safeguards to prevent gamblers machine and venue hopping; and
- an effective self-exclusion function.

6.145 In addition to these features the committee supports the establishment of a national independent regulator to oversee pre-commitment and set national standards which include required pre-commitment features and other consumer protection measures. The use of low intensity machines with appropriate parameters as an alternative to mandatory pre-commitment for tourists or low level players is one the committee is attracted to, and is discussed further in chapters eight and nine.

6.146 The committee emphasises it remains technology neutral and does not favour a specific technological solution. It accepts this is beyond its expertise but looks forward to the technological options, as discussed in the next chapter, being progressed through the new national regulatory authority.

Recommendation 31

6.147 The committee recommends that development of the broad design of mandatory pre-commitment be progressed by the national regulatory authority.