

InterChurch Gambling Taskforce



Joint Submission to Pre-Commitment Consultation Paper

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Pre-Commitment
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The Victorian InterChurch Gambling Taskforce (ICGT) and the Victorian Local Governance Association Local Government Working Group on Gambling (LWGOG) welcome this opportunity to make a joint submission in response to the Pre-Commitment Consultation Paper.

Victorian InterChurch Gambling Taskforce

The Victorian InterChurch Gambling Task Force was established in 1996 by the Heads of Churches in Victoria with the following objectives:

1. To increase awareness amongst the Churches about the broadening gambling industry and to potentially harmful effects on the common good.
2. To provide critical analysis and interpretation of research on gambling and the gambling industry, in particular the social and economic impacts and any other projects undertaken by the government, the Victorian Casino and Gaming Authority and the gambling industry.
3. At every level to communicate the alternatives to gambling as a solution to
 - a) individual personal problems
 - b) socio-economic development.
4. To call Government to further account for its integration of the gambling industry into its economic management.

Victorian Local Governance Association Local Government Working Group on Gambling

The Victorian Local Governance Association (VLGA) is a unique peak body for councillors, community leaders and local governments working to build and strengthen their capacity to work together for progressive social change. VLGA membership consists of local government, community organisations and individuals. Over 85 percent of Victoria's population are represented by the VLGA's local government members

The Local Government Working Group (LWGOG) is one of the VLGA's Advisory Groups and consists of a network of over 80 local government staff and councillors, as well as community organisations concerned with gambling issues (in particular electronic gaming machines), their local impacts and steps to minimise harm.

Response to the Pre-Commitment Consultation Paper

The ICGT and LGWGOG acknowledge that the Victorian Government is leading the rest of Australia with its commitment to introduce pre-commitment on all electronic gaming machines (EGMs) by 2013, provided the cost of doing so is not prohibitive. The submitting bodies also acknowledge that the consultation paper is to implement the commitment made in March 2008 to introduce pre-commitment on all “new generation” EGMs by 1 December 2010. However, the submitting bodies are concerned that the proposed regulations represent the ‘cheapest and nastiest’ way to fulfil this commitment, minimising the impact on curbing problem gambling and risky gambling behaviours and offering minimal assistance to gamblers to stick within affordable limits. The submitting bodies believe the draft regulations are a missed opportunity and do not assist in any move towards a system to be adopted in 2013. In fulfilling the commitment to introduce pre-commitment on all new generation machines by 1 December 2010 the Victorian Government could have used this as an opportunity to explore what might represent an effective system with a view towards the system to be adopted in 2013. That said the submitting bodies support the preferred options in the Consultation Paper, as outlined below, from the limited options offered for consideration.

The submitting bodies believe the draft regulation fails the objective of commencing a “transition to a best practice pre-commitment regime by 2015-2016” (p.12 of the consultation paper) and of helping to “identify future implementation issues and risks for pre-commitment for 2013 and 2015 – 2016 by implementing pre-commitment for certain new gaming machines” (p. 13).

The submitting bodies strongly contend that the limited action represented by the draft regulations should in no way limit or create barriers to options for pre-commitment in 2013 and 2015 – 2016. The draft regulations should exclude gambling industry bodies being able to argue that compliance with the regulations has involved cost and therefore constrain options for consideration for the pre-commitment system to be implemented for these later dates.

Q1. What are the types of costs and benefits of the draft regulations?

The submitting bodies believe the costs of implementing the draft regulations will be tiny compared to EGM related revenue to the gaming industry and compared to the taxes raised by the Victorian Government. The fact that the Crown Casino pre-commitment system is far more sophisticated than the proposed regulations and has operated for over a decade suggests that the minimalist proposed regulations will implement pre-commitment in a way that has no noticeable economic implications. Similarly, more sophisticated pre-commitment systems are operating in other states (such as South Australia and Queensland) without any impact on the economic viability of the venues in question. In this case, the pre-commitment mechanism will only apply to new generation machines, so venue operators can choose to avoid any costs associated with implementing pre-commitment by avoiding the purchase of any new generation machines.

Further, the impact of reducing gambling expenditure is likely to be minimal. For the proposed regulations to have an impact a gambler needs to set a session limit on the EGM they are gambling on and then be impacted to stay within their pre-set limit by a pop-up screen appearing. The gambler can choose to continue gambling on the EGM they are sitting at or move to another EGM and keep gambling once their limit is reached. Most EGM gamblers move frequently between EGMs in a single gambling session, reducing the utility of a limit set on a single machine.

Q2. Are the preferred options for the making of regulations for 2010 (the option to prescribe a pre-commitment mechanism and to prescribe gaming machines for the purpose of pre-commitment) suitable?

The ICGT and LGWGOG believe all the options offered are inadequate and miss the opportunity to use the commitment to introduce pre-commitment on all new generation EGMs from 1 December 2010 as a genuine transition to a best-practice pre-commitment regime. However, of the options being offered within the consultation paper the preferred options are preferable to the alternatives offered. That is the preferred options are *option 2: limit setting with pop-up screen* and *option A: a new gaming machine type*. The submitting organisations welcome the fact that the pop-up message must remain on screen for at least 15 seconds when a time or loss limit is triggered, but question if this will be long enough for a gambler to take in all the information that is to be displayed or if the time needs to be longer. The submitting organisations welcome the information about the gambling session that must be displayed when a limit is reached in the proposed regulations.

Q3. Are there more suitable options to either prescribe a pre-commitment mechanism or prescribe gaming machines for the purpose of pre-commitment, having regard to the government's objectives and technological constraints?

The ICGT and LGWGOG would have preferred that the pre-commitment mechanism on new generation machines be required to communicate across new generation machines within a single venue, noting that such systems already operate in other jurisdictions. This would be desirable even if an exemption was offered for those cases where the communication protocol was unable to support such connection (although this carries a perverse risk that the gaming industry does not upgrade the existing communication protocols as a means to avoid implementing pre-commitment). Also, when a limit was reached the submitting bodies would prefer that the EGM not allow continued gambling, requiring a cash out and a shut down for a few minutes. This would at least require the gambler to have to move to another EGM if they wish to continue gambling, offering a more significant decision event to continue gambling. While still far from ideal, such requirements would be more in line with the transition to a best practice pre-commitment system.

The submitting bodies strongly believe that the proposed regulations should rule out the attachment of any loyalty scheme that will encourage increased gambling expenditure to the introduction of the pre-commitment mechanism. The ICGT and LGWGOG note the information gathered by the Productivity Commission in Appendix C of their 2010 report shows in other jurisdictions pre-commitment has in reality acted as a mechanism to promote loyalty schemes. For example, the Worldsmart Technology J-card system in South Australia has 32,000 loyalty card members of which 233 had enabled pre-commitment options.¹ While the Simplay system in Queensland had 13,750 patrons signed up of which around 590 had set spending limits.²

Preferred model for Pre-Commitment for 2013 and 2015-2016

In the view of the submitting bodies, pre-commitment has the potential to assist gamblers to avoid risky and problematic behaviour by allowing them to set enforceable limits when they are in a more rational frame of mind outside of a gambling session. It provides a barrier to loss of control during a gambling session, curbing unaffordable losses in the 'heat of the moment'. Any pre-commitment mechanism that can be circumvented during a gambling session is thus unlikely to be of much assistance to those engaging in risky or problematic behaviour as the result of a loss of control during gambling sessions.

The submitting bodies strongly support the introduction of a universal pre-commitment system on EGMs, that will allow gamblers to set binding limits. The system should ultimately

¹ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. C.2.

² Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, pp. C.9-10.

extend to all EGMs within Victoria across venues. The submitting bodies support the pre-commitment system having default limits that the gambler must choose to alter (opt out of) as opposed to assuming an infinite limit and the gambler having to 'opt in' by setting a limit. The submitting bodies believe that it is essential that gamblers be required to enter the pre-commitment system when using EGMs and that there is no option to gamble without entering the pre-commitment system. The ICGT and LGWGOG note the finding of Productivity Commission that "opt-in systems will probably have small market penetration."³

Any pre-commitment system that allows a gambler to simply exit the system at any point of time and keep gambling means that a pre-commitment decision can be circumvented at any point in time. The ability to simply circumvent a pre-commitment decision during a gambling session would largely defeat the main utility of a pre-commitment system. For this reason the ICGT and LGWGOG believe that it should not be possible to increase a pre-commitment limit for at least 24 hours from the time the limit is reached. The submitting bodies note that 57% of EGM gamblers had trouble staying within their limits and EGM gamblers were more likely than other gamblers to exceed their maximum spend limit and bet size limit.⁴

Research shows that many gamblers, especially people with gambling problems, do not set themselves affordable limits. The report commissioned by Gambling Research Australia on *Analysis of Gambler Pre-Commitment Behaviour* found that up to half (51%) of regular Australian gamblers admitted to not always calculating the affordability of their gambling.⁵ At least one in five regular gamblers tend to "never" calculate the affordability of their gambling. Around a third of EGM gamblers said they "never" set any limit on their gambling. Gamblers who used a shorter basis for setting limits (such as per session) tended to have significantly more difficulty in keeping to spend limits. Most regular Australian gamblers do not tend to monitor their gambling expenditure over a longer period. Only 8% of regular EGM players set an additional upper monthly limit. For regular EGM gamblers, 37% only set their limit when they arrived at the venue.

The submitting bodies recognise that an effective pre-commitment system needs to be easy for gamblers to use, otherwise it will not be used effectively.

The pre-commitment system should also be able to provide gamblers with a history of their gambling in a consumer friendly format. It should not allow gambling providers to have access to a gambler's history for the purpose of targeting the gambler with individualised marketing aiming to increase the gambling activity of the gambler. For this reason the submitting bodies are opposed to any pre-commitment system that ties in a player loyalty scheme that seeks to increase gambling expenditure by rewarding such increased expenditure with loyalty points and benefits.

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³ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. C.2.

⁴ McDonnell Phillips Pty Ltd, "Analysis of Gambler Pre-Commitment Behaviour", Gambling Research Australia, June 2006, pp. 13, 15.

⁵ McDonnell Phillips Pty Ltd, "Analysis of Gambler Pre-Commitment Behaviour", Gambling Research Australia, June 2006.