

PRE-COMMITMENT

Outcome 3.1 – Financial Management

KEY POINTS

- Pre-commitment is a tool that allows people to set their own limits on how much time and money they want to spend on poker machines and helps them to stick to those limits.
- A pre-commitment scheme will reduce harm by limiting the damaging effects of problem gambling and making poker machines safer for everybody.
- A pre-commitment scheme may also improve consumer choice in the consumption of gambling products. It would do so by raising consumers' awareness of their own spending.
- In its inquiry into gambling, the Productivity Commission found that pre-commitment is the most effective way to target problem and at-risk gamblers without impacting upon the wider community.
- The Problem Gambling Taskforce is supporting the Government in its commitment to introducing a full uniform pre-commitment scheme.
- The Government has committed to implement a pre-commitment scheme to commence in 2012, with the full scheme commencing in 2014.
- The Victorian Government has legislated so that from December 2010 all new Electronic Gaming Machines (EGMs) must have pre-commitment capability.
- The Commonwealth is consulting with state and territory governments about the best way to implement a uniform scheme.
- A Select Council on Gambling Reform has been established as a means to discuss key issues and report on the implementation of a pre-commitment scheme and other key gambling reforms to the Council of Australian Governments.
- The Problem Gambling Taskforce is assisting the Government to work with industry, academics and community groups to identify options that are practical and cost-effective.
- The Problem Gambling Taskforce has commissioned The Tonneguzzo Group to provide expert advice in relation to technical aspects of the proposed reforms, including a pre-commitment scheme.

POSSIBLE QUESTIONS

1. What is pre-commitment

Pre-commitment refers to measures that allow players to take control of their own spending decisions through setting limits on their playing. This includes the ability to pre-select the amount of money (and possibly time) that a player will expend in a session, or over a longer course of time (that is, day, month or week).

A full pre-commitment system is a system offered to all players at the beginning of play. In the model recommended by the Productivity Commission, all players would be registered with default limits set and then players may choose to retain the defaults, set their own limits or set no limits. Limits could not be revoked within a set period, and where no limits are set players would be periodically asked if that remains their preference.

2. Why is the focus on Electronic Gaming Machines (EGMs)?

Productivity Commission Inquiry in Gambling Report finds that electronic gaming machines are the primary cause of problem gambling in Australia.

The Productivity Commission estimates that around 15 per cent of regular electronic gaming machine players are problem gamblers and they account for 40 per cent of losses on electronic gaming machines, or around \$4.4 billion a year in losses.

3. Why can't the system be voluntary?

The Government has committed to a full mandatory pre-commitment scheme. The Government has stated that this is because all the evidence shows that voluntary pre-commitment systems are not as effective at preventing problem gambling.

The design of the system is a decision for government.

4. What does the Productivity Commission recommend?

The Productivity Commission recommends a jurisdictionally based full pre-commitment system in which players can:

- voluntarily set personally-defined pre-commitments on time or spending, without being able to revoke these within a set period;
- set no limits if they wish, but with periodic checking that this remains their preference;
- stake small amounts outside of the system, if they are occasional gamblers; and

- see their transition history.

The Productivity Commission Report found that a pre-commitment scheme is a practicable and effective way to minimise harm caused by problem gambling, while still allowing other players to enjoy poker machines.

5. What is the Department doing to ensure a robust pre-commitment scheme is introduced?

The Department is supporting the Government to work closely with industry, researchers and community organisations at both strategic and technical levels on the best design and implementation of a pre-commitment scheme.

The Department has assisted the Government to establish:

- a high-level Council of Australian Governments Select Council on Gambling Reform; and
- the Ministerial Expert Advisory Group on Gambling.

The Department has also commissioned an Independent Study into problem gambling, which is being conducted by Access Economics, and engaged The Tonneguzzo Group to provide expert advice in relation to technical aspects of the proposed reforms including a pre-commitment scheme.

6. Isn't this Scheme going to interfere with people's privacy?

The issue of privacy has been raised by some stakeholders. The Government has stated that it is committed to implementing a scheme that upholds protects and upholds people's privacy.

In its report the Productivity Commission argued that:

- any pre-commitment system must contain strict privacy arrangements for data collection;
- data collected should only be that necessary for keeping a confidential record of spending (or time) to allow binding limits and to provide player statements to gamblers; and
- arrangements should be put in place to ensure that unless consent is provided, information that identifies individuals should not be available to regulators, venues or other parties.

7. How long will it take to roll out this scheme and at what cost to the industry?

The Department has commissioned an independent study to provide high-quality, policy focused research and modelling to inform government consideration of measures to address problem gambling.

The Problem Gambling Taskforce is continuing to work closely with industry and state and territory governments to identify options that are practical, cost-effective and uphold players' privacy.

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BACKGROUND

The Prime Minister and the Member for Denison, Mr Andrew Wilkie MP, have agreed that the Commonwealth will work with the states and territories to implement a best practice full pre-commitment scheme that is uniform across all jurisdictions and machines.

The agreement with Mr Wilkie is based on the recommendations made by the Productivity Commission Inquiry into Gambling. Recommendations 10.4, 10.5, 10.6, 19.1 and 19.2 of the Inquiry report refer to pre-commitment.

The Productivity Commission recommends a jurisdictionally based full pre-commitment system in which players can:

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The Prime Minister and the Member for Denison agreed that implementation will commence in 2012 and the full scheme commencing in 2014. This is earlier than recommended by the Productivity Commission.

Stakeholders have frequently raised concerns that there is a lack of evidence to support the implementation of full pre-commitment as a strategy for reducing problem gambling. There are significant technical considerations to be addressed in the introduction of a pre-commitment scheme. The Commonwealth is taking a number of steps to better inform policy making and design of a scheme.

The Commonwealth has:

- established a Ministerial Expert Advisory Group on Gambling, chaired by Professor Peter Shergold AC, to provide specialist and technical implementation advice to the Government to assist in delivering the reforms;
- engaged the Tonneguzzo Group to provide expert advice in relation to technical aspects of the proposed reforms and a pre-commitment scheme;
- commissioned an independent study to provide high-quality, policy focused research and modelling on the impacts of the reforms, including a pre-commitment scheme;
- committed \$260,000 over 2008-09 and 2009-10 towards the evaluation of the pre-commitment trials in South Australia. The outcomes of these trials will add to the evidence base about the effectiveness of pre-commitment in helping people to manage their finances and as a tool for harm minimisation; and
- commissioned and publicly released legal advice on its constitutional competence and prospects for successfully legislating in this area.

In addition, the Federal Parliament has established a Joint Select Committee on Gambling Reform. This Committee is currently conducting an inquiry into a pre-commitment scheme, which is considering practical issues surrounding for the implementation of a pre-commitment scheme.

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