

Australian Government Gambling Reform – Question and Answer

What is problem gambling?

Gambling is a legitimate industry and for most people, gambling is a form of entertainment that is enjoyed responsibly.

It is estimated that there are between 80,000 and 160,000 problem gamblers in Australia. Although problem gamblers make up around 15 per cent of regular pokies players, they account for 40 per cent of poker machine spending.

Problem gambling is gambling where the participant experiences significant harm from the activity, for example betting more than they can afford, financial problems or relationship breakdown.

Problem gambling destroys lives - not only the life of the problem gambler but also the lives of their families and loved ones.

Studies have shown that problem gamblers spend \$21,000 a year on gambling on average each. That's a lot of money by anyone's standards – money that isn't being spent on food, the mortgage or paying off bills.

The Productivity Commission estimated the social cost of problem gambling to be at least \$4.7 billion a year.

What is the Government doing to address problem gambling?

The Government's reforms will help limit the damaging effects of problem gambling, while continuing to let thousands of Australians enjoy recreational gambling.

In 2008, the Government asked the Productivity Commission to conduct a major, independent inquiry into gambling in Australia. The Government's reforms are based on the Productivity Commission's recommendations.

The Australian Government will work with State and Territory Governments, industry and the community sector to:

- Implement a **full pre-commitment scheme** for poker machines as recommended by the Productivity Commission. Implementation of pre-commitment arrangements will commence in 2012, with the full scheme commencing in 2014.
- Support the Productivity Commission's recommendations to implement poker machine **dynamic warning** and **'cost of play' displays** to provide more information to players.
- Implement a **\$250 daily withdrawal limit from ATMs** in venues with poker machines except for casinos.

The Government will also commission two additional studies to inform future policy reforms in this area:

- An independent study of the impacts of a reduction of problem gambling on other revenue flows and individual spending behaviour to report by the end of 2011.
- A thorough examination, to be conducted by the Productivity Commission, of the impact a pre-commitment scheme will have on problem gambling from 2014 including determining what further harm minimisation measures may be necessary.

The Government will also progress a national response to the full set of recommendations on the Productivity Commission's report through the Council of Australian Governments' Select Council on Gambling Reform.

A Parliamentary Joint Select Committee has been established to provide advice to the Government on this national response as well as on the commitments outlined above.

Why is the Government focussing on poker machines?

Research shows that three-quarters of severe problem gamblers have problems with poker machines.

In addition, poker machines are widely accessible throughout the community and more widely available in Australia than in most other countries where gambling has been legalised.

The Productivity Commission also placed particular emphasis on poker machines in their Inquiry for these reasons.

PRE-COMMITMENT

What is pre-commitment?

Pre-commitment is a tool to help people make informed decisions to better manage their money when playing poker machines.

Pre-commitment allows people who play poker machines to set their own limit on how much time and/or money they want to spend in a set period, and helps them to stick to it.

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

How would pre-commitment work?

In a full pre-commitment scheme, players will be asked to set a limit on how much money (and possibly time) they want to spend on the pokies in a set period.

Players would still have control over their own money and can set the limit as high or low as they like. They could also change their limits but would not be able to revoke or increase them within their agreed set period.

In the model recommended by the Productivity Commission, players can choose not to set a limit at all if this is their preference.

Pre-commitment requires some form of technology to identify the player and their chosen limits and preferences – with a card for example. This would require players to register, just like they do now for loyalty programs in gaming venues.

Many venues, such as clubs, already require players to be members or sign in at the venue before they can play poker machines.

The Government also wants to make sure the new system is simple for occasional players. The Productivity Commission recommends a model that allows occasional gamblers to play outside the pre-commitment system, for example, by purchasing a pre-paid card.

Will I need to be fingerprinted to play the pokies? Will I need to have a card to play the pokies?

Pre-commitment technology can take a number of forms; however, most of the Australian trials so far have used a card system.

People have cards for all sorts of things, including for their club membership or to borrow a book from the library. This would be no different.

The Government will be working with industry and gaming machine manufacturers to identify options that are practical, cost-effective and uphold players' privacy.

Is there evidence that pre-commitment works at addressing problem gambling?

Yes. The Productivity Commission found that pre-commitment is the most effective way to target problem gamblers and at-risk gamblers without impacting upon the wider gambling community.

The Productivity Commission also found that pre-commitment systems would empower people to take responsibility for their own spending behaviour, by helping them decide exactly how much they want to spend before they start playing.

The Productivity Commission found that a pre-commitment scheme is a strong, practicable and ultimately cost-effective option to minimise the harm that is caused by problem gambling.

There are currently trials taking place in Queensland and South Australia on opt-in (or voluntary) pre-commitment systems. The Australian Government is funding the evaluation of the South Australian trials and will use these findings, along with the trials taking place in Queensland, and experiences overseas, to determine the most appropriate pre-commitment model for Australia.

Would all venues have to have pre-commitment?

The Productivity Commission recognised that small venues have different needs that will be taken into account.

This is something the Australian Government will be discussing with State and Territory Governments through the Select Council on Gambling Reform and with Industry.

Where will my personal information be stored and who will have access to it?

The way personal information is stored will depend on the final design of the pre-commitment scheme. However, the Government has committed to ensuring that safeguards to protect players' privacy will be a key feature of the system developed.

The Productivity Commission recommends strict privacy arrangements for data collected as part of a pre-commitment system. In general, only data required to keep a confidential record of a player's spending and preferences should be collected. The Productivity Commission notes that in effect, players 'own' their data.

Are casinos included?

Yes, poker machines in casinos will be included in the roll out of pre-commitment.

Why can't the system be voluntary?

All the evidence shows that voluntary pre-commitment systems are not as effective at preventing problem gambling.

The Productivity Commission recommends that even under a full pre-commitment scheme:

- players would be given the option to 'opt-out' from pre-commitment and set no limit; and
- there would be scope to allow occasional gamblers to stake small amounts outside a pre-commitment system.

DYNAMIC WARNING AND COST OF PLAY DISPLAYS

What are dynamic warnings and cost of play displays?

Dynamic warnings and cost of play displays are harm minimisation measures recommended by the Productivity Commission to increase players' awareness.

Dynamic warnings are messages that are periodically displayed on poker machines, while people are actually gambling. These messages would inform players of the risks of gambling.

The Productivity Commission recommended that over time, changes should be made so that gaming machines have the capacity to display dynamic warnings when the style of play is indicative of significant potential for harm.

Cost of play displays are messages to inform players about the cost of playing through disclosing the expected hourly expenditure and information on the 'return to player'.

The Productivity Commission recommended that all new gaming machines from 2011 should be required to display information electronically on the costs of playing based on the individual's style of playing.

Why is the Government committing to warning displays and player information?

The Productivity Commission found that there is currently a lack of understanding in the community about how poker machines work. It noted that some players believe that machines run 'hot' or are due for a win. While the percentage return to a player is variously displayed or made available, it is not clearly understood.

For these reasons, the Productivity Commission made recommendations for changes to poker machines and networks to allow for electronic dynamic warning and cost of play displays.

ATMs DAILY WITHDRAWAL LIMIT

Why doesn't the Government support the removal of ATMs from gambling venues, like Victoria?

The Productivity Commission did not recommend removing all ATMs from gambling venues. It concluded that there was not sufficient evidence to support a removal at this stage. They did recommend that an evaluation of Victoria's proposed removal be undertaken to see whether it is effective at reducing problem gambling. The Government will support any such evaluation of the Victorian policy from 2012.

The Productivity Commission recommended instead that a \$250 a day withdrawal limit be imposed. They found that 85 per cent of withdrawals from ATMs in venues with gaming machines are below the proposed limit of \$250. The Government is supporting this recommendation.

Won't a \$250 ATM limit affect thousands of Australians who go to the pub and don't play the pokies? Why is the Government targeting them?

Any pub that has pokies will have this new limit applied to any ATM on their premises.

Limits already exist on ATMs in pubs and clubs with pokies. For example, you can't access a credit card account from ATMs in these venues in all States and Territories.

The Productivity Commission found that most people in pubs currently withdraw amounts lower than the proposed limit. Analysis of ATM transactions shows that 85 per cent of withdrawals from ATMs in venues with gaming machines are below the proposed limit of \$250.

Most pubs today also have EFTPOS available for meal and drink purchases, so they can be used as well and instead of ATMs.

Will the \$250 limit apply to EFTPOS? Won't problem gamblers just use EFTPOS instead?

No, the new limit will not apply to EFTPOS transactions at pubs and clubs.

EFTPOS – for example over the bar – requires a human interaction. Studies show that for many problem gamblers there is considerable benefit in some human interaction to break the grip of problem gambling.

Hotel staff are also trained in the responsible service of gambling, and are trained to pick up on the signs of problem gambling and refer potential problem gamblers to support services. The Government will be working with the hotels and clubs to improve staff training as part of a response with the States and Territories.

Where can I get further information?

The Productivity Commission's report can be found at:
<http://www.pc.gov.au/projects/inquiry/gambling-2009/report>

Information on gambling research can be found at Gambling Research Australia:
<http://www.gamblingresearch.org.au/>

General information on gambling and drugs can be found on the Department of Families, Housing, Community Services and Indigenous Affairs website:
<http://www.fahcsia.gov.au/sa/gamblingdrugs/overview/Pages/default.aspx>

Where should I go for help with a gambling problem?

The Gambling Help Online service is a nationally available counselling information and support service:

www.gamblinghelponline.org.au

You can choose which service suits you best.

There is an online service where you can access immediate support live online with an expert 24 hours a day, seven days a week.

The national 1800 858 858 problem gambling telephone number is a helpline for all problem gamblers and their families, which directs them to local gambling help services regardless of where they are calling from within Australia.

The Productivity Commission Report provided evidence for a pre-commitment scheme for EGMs.

Pre-commitment refers to measures that allow a player to take control of their own spending decisions by setting limits on their playing.

This includes the ability to pre-select the amount of money (and possibly time) that a player will spend 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. People can choose to not set a limit.

The Productivity Commission found that pre-commitment is the most effective way to improve informed consent and give people capacity to control their play.

The Productivity Commission argues pre-commitment is a strong, practical and cost effective harm minimisation option.

The Productivity Commission also found that pre-commitment is empowering – people take responsibility for their own spending behaviour.

The Productivity Commission recommended a full pre-commitment scheme on all EGMs, in all venues, in each state and territory with the ability to opt-out and to have binding limits. It also recommended safe play for occasional gamblers to stake small amounts outside the system.

Evidence shows that pre-commitment is the most effective way to target problem and at-risk gamblers without impacting upon the wider community.

We will maintain consultation with state and territory governments and other stakeholders on the gambling reforms. We will continue to support each of the committees to enable progress on this complex issue.

Thank you

Consultation

Who has the department consulted in its policy development so far?

Communication

What is the Department doing to communicate these changes to those who may be affected by them?

Is FaHCSIA aware of the attitudes of the public and gamblers to pre-commitment?

What does the Department know about attitudes to problem gambling in the community?

Revenues

What is the department's view about Clubs Australia's claim that the PC's estimate that 40 per cent of gambling revenue comes from problem gamblers is wrong?

What options are there to minimise the implementation costs of these reforms?

What information does the PGT have on the loss of revenue on venues?

Will local community clubs and sports clubs be negatively impacted by loss of revenue to venues?

Pre-commitment

What is pre-commitment?

What pre-commitment models is the PGT looking into?

What bio-metrics models is the PGT looking into?

Does the department have a view on the additional benefit which a mandatory pre-commitment system would bring over a voluntary one?

Why can't the system be voluntary?

Do you have any estimates on how pre-commitment may impact small clubs and hotels?

Other witnesses have testified that pre-commitment will have little impact on people' in the zone/cave' is a maximum limit needed to protect these people?

Is there a correlation between other health issues and problem gambling?

Will pre-commitment be introduced to all forms of gambling?

How does the PGT propose to implement pre-commitment?

Is there any potential for a venue based system to be effective?

What are the unforeseen consequences of introducing a pre-commitment scheme?

Should pre-commitment apply to other addictive substances such as alcohol and tobacco? Why are you only focusing on gambling?

What is the PGT's view on how tourists may be affected by pre-commitment? what model may most effectively deal with the needs of tourists?

Pre-commitment Limits

Does the PGT support the Productivity Commission's recommendation of allowing gamblers to set no limits if they wish? What evidence does the PGT have to support their position?

Does the PGT support a model of mandatory pre-commitment limits? What is your view on these limits being set according to income and assets/use of a person's credit ratings?

Privacy

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

Online

Won't problem gamblers migrate to online or other forms of gambling?

Timeframes

Can a pre-commitment scheme be implemented within the timeframe set out in the Wilkie Agreement (given the Productivity Commission recommended a lengthier timeframe).

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

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

Harm Minimisation

What is the argument for Government intervention in this area? Whatever happened to individual responsibility?

What do we mean by harm-minimisation?

Are machines potentially dangerous?

Why is the government focussing on Electronic Gaming Machines (EGMs)?

Will pre-commitment actually reduce the number of problem gamblers?

What is the Government doing in the area of harm reduction?

Research

What research is the PGT doing on the efficacy of the proposed reforms?

What is the PGT's evidence base for implementing pre-commitment?

Will FaHCSIA conduct a trial into pre-commitment?

Has the department done any work to estimate the impact on industry as a result of these reforms? What are the preliminary results?

Technical Issues

How is FaHCSIA engaging with the technical issues of pre-commitment?

What does FaHCISA's technical expert (The Toneguzzo Group) say are the barriers to implementing pre-commitment?

Does FaHCISA believe a smart card is the most effective method? Or does FaHCSIA support an identity card based scheme or a USB based scheme?

Will FaHCSIA regulate the pre-commitment scheme? / Will another Commonwealth body be set up to regulate pre-commitment?

Will a pre-commitment scheme be nationally networked?

Will self exclusion be networked nationally?

Do you have any thoughts on practical issues such as card swapping?

How will you prevent use of false identities in obtaining a pre-commitment card?

Stakeholders

Is MEAG a genuine consultative mechanism?

Can the Committee have all of the MEAG papers please?

Governance

Will you need to create a national central monitory scheme for pre-commitment?

Legal

What does the legal advice mean?

Does the department have a preferred approach? What are the strengths and weaknesses of the different approaches?

If the Commonwealth did legislate, will it take over all of gambling regulation from the States?

Has the department or will the department commission further advice from the AGS? What are the remaining legal questions which require clarification?

States

How many states support pre-commitment at the moment?

What are the major concerns of states in implementing a pre-commitment scheme?

Will a state based scheme really work?

- **Gambling Helpline**
- FaHCSIA Spending on the PGT
- Independent study
- Consumer Protection
- Australian gaming national standards
- Irregular gamblers
- Multiple cards