

Gambling Reform: A Universal and Mandatory Pre-commitment Scheme

Poker Machines, Public Health and a Precommitment Scheme

Gambling is a major money-spinner in Australia. The major Productivity Commission Report on Gambling (2010) found that turnover from gambling in 2008-09 was over \$19 billion, with 55% of that being spent in clubs and hotels on Electronic Gaming Machines (EGMs or “pokies”).

While many Australians gamble as a form of recreation, there are social, emotional, psychological and financial impacts of gambling for individuals, families and communities. For individuals, uncontrolled or unbudgeted gambling losses can lead to major financial stress, reckless behaviour, low self-esteem contributing to substance abuse, and in worst case scenarios, domestic violence and relationship breakdown, loss of employment and criminal activity. For communities, gambling takes time and resources from other activities which could potentially build social capital, while gambling on pokies particularly can erode communities by isolating individuals while they engage in gambling. Pokies are also often concentrated in disadvantaged areas where communities are least able to afford the social and economic costs of problem gambling.

Around 600,000 Australians play poker machines at least weekly. A recent report by the Centre for Gambling Research at the ANU *Survey of the Nature and Extent of Gambling in the ACT* (2010) found that 55% of those who played gaming machines weekly were experiencing some symptoms of problem gambling, and 8.9% were problem gamblers.

Against this background, the Productivity Commission found that public health and consumer protection frameworks provide the best basis for coherent and effective gambling policies. These approaches focus on *prevention of problem gambling behaviour* and *minimizing gambling harm*, rather than simply clinically ‘treating’ the worst case problem gamblers. Pre-commitment is an important part of a broader public health strategy around gambling.

Pre-commitment schemes involve gamblers deciding in advance how much money they wish to spend in a session and/or over a period of time. This can be done by using a gambling swipe card or other device to plug into an EGM rather than playing with coins/cash. The device can then track a gambler’s time and spending patterns, providing information to the gambler, and issuing a warning or preventing play once the pre-commitment level has been reached. Gamblers retain the “sovereignty” of consumer choice, but the choice is exercised in advance rather than in the heat of a gambling event.

By providing information on the cost/expenditure of gambling, pre-commitment schemes provide valuable consumer protection functions. The change in gambling environment to a pre-commitment system also has great educative value, while giving gamblers the tools to set limits and gamble responsibly can assist in harm prevention and good public health outcomes.

Elements of a Public Health-based Pre-commitment Scheme

The consumer protection and public health approach has implications for the design of any pre-commitment scheme. **A pre-commitment scheme would need to be universal and mandatory**, that is, it would need to apply to all machines and all players (rather than being a system that gamblers could opt into and out of).

It would also contain the following features:

- Have strong default settings
- Provide useful, accessible consumer information on money and time spent gambling, with monthly statements and in-built prompts to the gambler
- Have flexibility and teeth programmed in favour of harm minimisation, preventing gamblers going back on their pre-commitments
- Have no-limits as an option, but with regular (at least weekly) queries about re-setting the value
- Have small value pre-paid cards which allow low-intensity play for occasional gamblers
- Include standard identification measures to avoid identity fraud, and ensure only one card is issued per gambler
- Ensure player's privacy
- Be simple to understand and use
- Incorporate measures for gamblers to exclude themselves from gambling for a period or in particular venues (including, in particular circumstances, third party exclusions).

Answers to arguments against a universal, mandatory pre-commitment scheme

It won't help problem gamblers: A universal and mandatory pre-commitment scheme may assist some problem gamblers, but its main aims are consumer protection (provision of timely information to consumers) and public health (*prevention* of problem behavior and *harm minimization*, rather than a 'treatment' for 'problem gamblers').

It will be hugely expensive to implement: Installing the hardware and software on machines will be an expense, but it is a one-off expense and is only a small proportion of takings from each machine in one year. The initial cost may also be offset by cost savings of running "cashless gambling" and any costs need to be considered against the social costs of gambling, estimated at \$4-8b each year.

It will interfere with gamblers' enjoyment & decrease revenue to local pubs & clubs: There will be initial changes, but gamblers will adjust (as cyclists did to the public health requirement to wear helmets). If revenue to pubs and clubs decreases, this suggests that a significant proportion of current gambling revenue comes from people losing control and over-spending. A decrease in this revenue may be a public benefit.

It is an intrusion on people's civil liberties: There are genuine privacy concerns about the identification and data collection associated with pre-commitment. A compulsory scheme should require only basic photo id and should have safeguards preventing information identifying individuals being available to regulators, venues and others.

For further information regarding this fact sheet
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