

Australian Churches Gambling Taskforce

SUBMISSION

Senate Community Affairs Legislation Committee *Inquiry into the Social Services and Other Legislation Amendment Bill 2013*

9 December 2013

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The Australian Churches Gambling Taskforce welcomes this opportunity to make a submission on the *Social Services and Other Legislation Amendment Bill 2013*. The submission will focus on Schedule 1 of the Bill, which has the primary aim of repealing the consumer protection measures introduced by the *National Gambling Reform Act 2012*. The Australian Churches Gambling Taskforce is concerned about the social and economic impacts on the community of electronic gaming machines (EGMs), including problem gambling and other harms.

The Taskforce's submission has been limited by the very short period allowed for submissions to be made.

The Taskforce strongly opposes the passage of Schedule 1 of the *Social Services and Other Legislation Amendment Bill 2013*. While the measures introduced by the *National Gambling Reform Act 2012* were not perfect, they represented steps forward to providing consumer protections for people with gambling problems.

While the Taskforce strongly supports the current Federal Government's commitment to reduce problem gambling associated with online and interactive gambling, Electronic Gaming Machines (EGMs) remain the key form of gambling that cause harm. Therefore, the greatest regulatory effort by governments should be directed at reducing harm from EGMs. The Productivity Commission found that EGMs account for around 75 – 80% of people with gambling problems.¹ They found that the problem gambling prevalence rate for all EGM gamblers was three times higher than the general adult prevalence rate.² They stated that problem gambling rates among regular EGM gamblers lay between 7 and 31 per cent with an average of over 15 per cent. Of approximately 600,000 regular EGM gamblers, 95,000 have a gambling problem and a further 95,000 engage in risky gambling behaviour.³

Taking into account the drop in the number of gamblers using EGMs, while losses have grown over 4.5 fold in the last decade, there is legitimate concern that the EGM industry is growingly dependent on problem gambling and risky gambling to sustain their current levels of revenue. The Productivity Commission noted that people with gambling problems lost an average of \$21,000 a year and accounted for around 40 per cent of total EGM losses.⁴

The Taskforce continues to support:

- The introduction of the ability of gamblers to set themselves enforceable limits on their losses on EGMs (mandatory pre-commitment);
- The introduction of \$1 bet limits on EGMs;
- Not allowing EGMs to accept additional credits from a gambler if the machine stands in credit to the gambler to the value of \$20 or more;
- Abolishing EGM jackpots or linked-jackpot arrangements of greater than \$500; and
- The removal of ATMs from EGM venues, where the removal will not cause significant inconvenience to the local community due to a lack of alternative ATM or EFTPOS services.

¹ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 13.

² Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 5.29.

³ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, p. 5.25.

⁴ Productivity Commission 2010, *Gambling*, Report no. 50, Canberra, pp. 5.33, 5.36.

The repeal of the consumer protection measures that were to be introduced through the *National Gambling Reform Act 2012* is a step backwards away from meaningful protections against problem gambling on EGMs. It sends a clear signal to both the EGM industry and State Governments that the Federal Government has no interest in providing meaningful protections for EGM gamblers.

Schedule 1 of the *Social Services and Other Legislation Amendment Bill 2013* appears to open a pathway to allow the EGM industry to sabotage future attempts to introduce a system that would allow a gambler to set themselves a limit on their losses that would apply to all EGMs in a given State or Territory. It appears to allow the EGM industry to introduce pre-commitment systems that are unable to communicate with each other, so that a gambler that wishes to set themselves a limit may need to set such a limit in every venue they gamble in, rather than being able to set one limit that would apply across venues. This process has already been happening in Queensland.

1. About the Australian Churches Gambling Taskforce

The Australian Churches Gambling Taskforce (the Taskforce) brings together leaders of the major Christian churches in Australia. Established in 2011, the Taskforce is united by a commitment to reduce the harms caused by poker machine gambling. Australian churches have a long, proud history of social services provision. Our members are ongoing contributors to the debate on gambling reform, having contributed to the Productivity Commission reports of 1999 and 2010.

1.1 Objectives

The Australian Churches Gambling Taskforce supports:

- the adoption of a national mandatory pre-commitment scheme that requires gamblers in all electronic gaming venues to set spending limits on high impact (high loss) poker machines;
- \$1 maximum bets on all machines which limit losses to \$120 an hour;
- reduced access to cash in gambling venues as a measure to reduce the opportunity for unplanned expenditure on gambling;
- restrictions on online gambling, including wagering and gaming; and
- improving other consumer protection measures as agreed by the Taskforce

People who provide counselling for problem gamblers rightly focus on the individuals they are working with. The priority is to help individuals and families turn their lives around. There are very few voices focusing on the broader public policy issues such as consumer protection. EGM gambling is a risk for around a third of regular users. Prevention is the focus of good public policy with measures in place to help people who fall through the safety net.

Comments on Schedule 1 of the *Social Services and Other Legislation Amendment Bill 2013*

Pre-Commitment

The Taskforce welcomed the intent of the *National Gambling Reform Act 2012* to ensure there would be state level pre-commitment systems, where a gambler is able to set a limit and have that limit apply across all EGMs within the State or Territory in which the limit has been set. Therefore the Taskforce opposes the repealing of Part 2 of the *National Gambling Reform Act 2012* that moved towards this objective.

The Taskforce opposes Section 20 of the *Social Services and Other Legislation Amendment Bill 2013* as a statement of intent that does not need to be legislated. Further, it is this section that appears to open the way for the EGM industry to roll out multiple pre-commitment systems in venues to ensure that no single system will be implemented that would allow a gambler to set limits across venues. In fact, there is nothing in this Section that would prevent a venue from having multiple pre-commitment systems on its machines within a single venue to make it difficult for a gambler to set a single limit that would apply to all machines in the venue. Some EGM manufacturers have previously raised their preference for a pre-commitment system that would be based on a single machine for a single session, stopping a gambler from setting a limit that would apply across machines or sessions. Section 20 does not rule out such an outcome being agreed between the Federal Government and the EGM industry. Pre-commitment will be most effective when it allows gamblers to set limits before they start gambling, making a rational choice about what they can afford to lose. It assists in stopping a gambler losing control of their losses once they are 'in the zone' of gambling. Thus, pre-commitment systems that make it hard for the gambler to enforce their initial limit undermine the efficacy of the control pre-commitment is trying to give back to gamblers.

Section 20 should be removed from the Bill as a piece of unnecessary legislation.

The Taskforce also opposes the repeal of the trial of pre-commitment that would have allowed gamblers to set themselves enforceable limits. The Federal Government's opposition to trial demonstrates that its opposition to allowing gamblers to set themselves enforceable limits is ideological, as it is not interested in gathering evidence for the efficacy of the measure.

ATM Withdrawals

The Taskforce supported restrictions on ATM withdraws and therefore opposes the repeal of Part 4 of Chapter 2 of the *National Gambling Reform Act 2012*. ATMs in venues represent a ready source of additional cash that require no interaction with venue staff and undermine limits that people with gambling problems set themselves.⁵ EFTPOS does not pose the same problems as it requires interaction with venue staff and still provides access to cash for venue patrons. Further EFTPOS usually is free for patrons to use, while the venue gets a cut of the fees charged on ATM transactions. Thus in busy venues an ATM can represent tens of thousands of dollars of revenue to the venue in transaction fees charged.

A December 2005 report commissioned by the Victorian Gambling Research Panel, *Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria*, reported that focus group research found the proximity of ATMs to EGMs means that money could be withdrawn and then inserted into a machine without sufficient time for thought of consequences.⁶ EGM gamblers who use an ATM at gaming venues rarely access it for the purpose of purchasing food and beverages (11.7%). Of those EGM gamblers who withdrew money from an ATM, 74% did so for the purposes of gambling.⁷ Those who accessed an ATM more than twice did so exclusively to gamble. The frequency of ATM use by an EGM gambler is connected with increased levels of spending, extended amounts of time in the gaming venue, the frequency of their gambling and their score on the problem gambling

⁵ McDonnell Phillips Pty Ltd, "Analysis of Gambler Pre-Commitment Behaviour", Gambling Research Australia, June 2006, p. 21.

⁶ Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005, p. 31.

⁷ Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005, p. 93.

index. There is a significant relationship between problem gambling and EGM gamblers' usage of ATMs for gambling purposes, whereby moderate-risk and problem gamblers make significantly more withdrawals from an ATM than non-problem or low-risk gamblers.⁸

The 2006 Gambling Research Australia report found that avoiding the use of an ATM and leaving the ATM card at home were key strategies employed by EGM gamblers to try to stay within their limits.⁹ The second highest response from gamblers about how to assist them to stay within their self-imposed limits was that there should be no ATM in the venue, which was favoured by 17% of all gamblers, 14% of EGM gamblers and 16% of people with gambling problems as an unprompted response from gamblers.¹⁰ It was the most selected measure that people with gambling problems identified as assisting them to stay within their limits from a prompted list.¹¹

The Victorian Government commendably required the removal of ATMs from pokie venues in July 2012. The Victorian Government commissioned an independent assessment of the ATM removal which was released in the middle of September 2013.¹²

The assessment found that the ban on ATMs has been effective in reducing harm for problem gamblers, reducing the amount of time spent gambling on pokies and reducing impulse spending on pokies. People with gambling problems are spending around \$90 less each time they gamble on the pokies at pubs and \$43 less at clubs. Those at moderate risk of developing a gambling problem were spending an average of \$37 less at hotels and \$18 less at clubs per gambling session on average.

Before the ATM removal, 80% of high spend gamblers with a gambling problem stated they frequently withdrew additional money to gamble above what they had planned. This dropped to 46% after the removal of the ATMs.

Overall losses on pokies decreased by 7% as a result of the removal of the ATMs.

While limiting ATM withdrawals to \$250 a day is highly unlikely to provide the same level of reduction in problem gambling behaviour, it is likely to have some impact in reducing losses due to problem gambling behaviour.

Dynamic Warnings

The Taskforce opposes the repeal of the provisions under Part 3, Chapter 2 in the *National Gambling Reform Act 2012* to introduce dynamic warnings on EGMs.

Inappropriate Name for Schedule 1 of the Bill

The Taskforce opposes Schedule 1 of the *Social Services and Other Legislation Amendment Bill 2013* being labelled as 'Encouraging responsible gambling' as its intent is to do nothing of the sort. It would be better labelled as 'Repeal of Responsible Gambling Measures'.

⁸ Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005, pp. xxv, 31.

⁹ McDonnell Phillips Pty Ltd, "Analysis of Gambler Pre-Commitment Behaviour", Gambling Research Australia, June 2006, pp. 29, 31.

¹⁰ McDonnell Phillips Pty Ltd, p. 34.

¹¹ McDonnell Phillips Pty Ltd, p. 36.

¹² Anna Thomas, Jeffrey Pfeifer, Susan Moore, Denny Meyer, Ligia Yap and Andrew Armstrong, "Evaluation of the removal of ATMs from gaming venues in Victoria, Australia. Final Report", Department of Justice, Office of Liquor, Gaming and Racing, September 2013.