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The South Australian Council of Social Service  
(SACOSS) Submission to the Productivity Commission  
Review into Gambling in Australia Draft  
Recommendations

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# The South Australian Council of Social Service (SACOSS) submission into the Productivity Commission review into Gambling in Australia Draft Recommendations

SACOSS Submission | December 2009

## Scope of Interest

SACOSS is a not-for-profit, independent non-Government organisation and is the peak body for social services in South Australia. SACOSS and its members have the *vision of justice, opportunity and shared wealth for all South Australians* and represent a wide range of interests in social welfare, health and community services. SACOSS is part of a national network that assists low-income and disadvantaged people, with a proud 60 year history of advocating for disadvantaged and vulnerable consumers.

SACOSS welcomes the Productivity Commission review into Gambling in Australia and welcomes the opportunity to contribute to the consultation surrounding the draft recommendations. In respect to vulnerable and disadvantaged consumer issues over recent years we have led or participated in the debates and advocacy in the areas of consumer credit, electricity, gas and water, telecommunications, financial counselling, payday lenders, food security and of course gambling. Thus, it is our role as a peak body for community services in South Australia to investigate the impacts of the gambling industry upon the disadvantaged and vulnerable.

Our response to the Productivity Commission's draft recommendations is based upon the perspectives, knowledge and experience of our membership many of whom work and advocate on behalf of those most affected by problem gambling.

## Introduction

Every year in Australia, over \$17 billion is spent on gambling, with approximately 80% of the Australian adult population gambling on an annual basis (Delfabbro, 2007a). It is necessary to note, however, that this figure inflates the sense of community acceptance of gambling as it captures the varied participation across formats; that is, it includes the person who may gamble once a year on the Melbourne Cup as well as those who gamble at problem levels. Thus, this participation rate is often used to justify the reasonableness of gambling formats. Nonetheless, the significant proportion of those utilising gambling activities has been influenced by the proliferation and availability of electronic gaming machines (EGMs). The introduction of such machines has not only widened the target population exposed to gaming devices, but has also provided people with greater opportunities to gamble by having gambling venues closer to home and accessible for almost 24 hours of the day. This widespread use is particularly the case in South Australia whereby EGMs have caused the gambling industry to experience substantial growth over the last fifteen years, with approximately 15,000 EGMs operating

in 2004, only 10 years after their initial introduction in the state (Relationships Australia, 2004). Consequently, the frequent availability of EGMs has led to increases in problem gambling behaviour and increases in people seeking help or counselling for gambling addictions.

Of significant concern is that Australia has a larger proportion of individuals who are classified as either pathological or problem gamblers compared to the USA and Canada. According to O'Neil, Whetton, Dolman, Dolman, and Giannopoulos (2005) approximately 1.5 to 3.7 per cent of the Australian population are classified as a pathological or problem gambler. The lower rates experienced by those living in America and Canada are said to be a result of the countries having tighter restrictions and regulations on access to all forms of gambling, particularly EGMs.

## **1. Gambling Help Sector in South Australia**

There are significant gaps in regards to the adequate resources for gambling help services, particularly in regional centres and in specific population groups, including Aboriginal populations, women, youth, and the homeless. Such gaps are a result of disagreements in the way the gambling help services system should be structured; there is an over-representation of the medical model in decreasing levels of problem gambling and as a result we focus on the individual problem gambler and the necessary medical approaches to provide appropriate interventions. Thus, current services rely on treating problems once they arise, rather than adopting a public health approach to prevent any 'symptoms' from arising. Similarly, in providing a medicalised approach to 'treating' problem gambling, there has been a limited understanding of the need for culturally diverse models of practice, causing 'best-practice' approaches for diverse population groups to be inadvertently neglected. Thus, it is important that to improve the prevention and, in some cases, treatment of problem gambling, the practice standards of organisations be increased. In order to achieve this it is strongly recommended that gambling help agencies become accredited. By doing this, agency practice can become more ambitious than solely focussing on psychotherapy for people who are "damaged" as a consequence of excessive gambling.

To reduce gambling related harm at the individual, familial and community levels, inclusive of vulnerable populations, it is recommended that an independent national review be established to determine the actual resources being devoted towards community based services. This will enable a more comprehensive understanding of relationships between gambling problems at the social level and the capacity of the local community to respond. The formation of national benchmarks of service delivery will ensure adherence to quality standards and will aid in providing a set amount of resources on a per head basis.

## **2. A National Accreditation System for Gambling Help Services**

***In response to Chapter 5- The Commission seeks feedback on the need for a national accreditation system for problem gambling service providers.***

The idea of 'best practice' is fundamental to developing programs that are of a high quality and that best meet the needs of clients. It has been suggested that to achieve 'best practice', a National Accreditation system for problem gambling service providers could be undertaken. The accreditation process has the potential to remove local political issues that could negatively influence the development of best practices.

In this process, the accreditation of the funding body would need to be considered. If funding remained a State based responsibility, then this will directly impact on the ability of service delivery programs to meet any accreditation standard. Thus, some measure of the funding required and its affect on service delivery in this instance would be appropriate. Similarly, as the accreditation process can tie up significant resources, it can often result in agencies, in many instances, duplicating processes that are already being undertaken with accreditation for other funded programs.

However, SACOSS and its members support the idea and believe that an effective accreditation program would need to have a specific set of Standards associated with it. This set of standards is vital, especially when we take into consideration the diversity of both client groups and site locations for service delivery. When developing programs, there is often the possibility that programs will be developed in a 'one size fits all' approach or in a manner where there is only a minimum set of service standards. However, this approach is not ideal as it fails to encourage the development of support services that best responds to the clientele's diverse needs, while also neglecting local conditions that work towards a best practice approach.

Consideration should also be given to other ways to improve services and maintain quality. Investment in local or site based evaluation provides valuable and practical information. This form of quality assurance also allows for a process to be designed and undertaken that takes into account local and cultural needs. This evaluation process needs to be supported by resources to allow for expertly informed and constructed processes.

Not only would the accreditation process need to ensure a specific set of Standards, it would also need appropriate and robust performance indicators that could be combined with resourcing for evaluation of local level services. Similarly, a solution focussed approach to developing quality services is required and this can be achieved through strong relationships between funders and service providers. This in turn would need to be supported by investing in training and research to improve the capacity of workers and staff to deal with the range of issues faced when working with people who have problem gambling. Incorporating such aspects in the accreditation process will promote the best environment to achieve high standard programs.

Although the Productivity Commission notes that help services are important to achieving good outcomes, it is also suggested that the services are often costly to governments, and taxpayers. To support this claim it is argued that approximately \$48 million was spent in 2007-08 on specialist gambling services such as counselling and support services, community education, and research. However it is necessary to note that this is a small percentage of the national gambling expenditure, profit, and tax revenue. The South Australian government contribution to the GRF is considerably less than 1% of the total tax revenue acquired from gaming machines. Thus, the argument that help services are costly to governments and taxpayers is in fact dubious in its nature.

### **3. Aboriginal People and Problem Gambling**

Over the past decade, gambling has become a prevalent social problem for the Aboriginal population, with severe negative impacts on the social and emotional wellbeing of this population occurring. The prevalence of this social problem has, in part, been caused by the feminisation of problem gambling, resulting from increased EGM play by females. This is particularly detrimental in the context of the Aboriginal population as women have traditionally been the social backbone of the community. Thus, this phenomenon has eroded a lot of the internal support structures in the community.

Similarly, the population profile of Aboriginal people contains many features of vulnerability. For example, it is illustrated in the Overcoming Disadvantage Report (SCRGSP, 2009) that: the Indigenous population has a lower life expectancy (females = 73; males = 67) compared to those who are non-Indigenous (females = 83; males = 79); Indigenous Australians experience higher levels of disability than non-Indigenous, with the former group being twice as likely to need assistance with one or more core activity; and Indigenous Australians experience higher rates of unemployment (16%) compared to non-Indigenous (5%). Despite this well documented situation of higher relative rates of problems, service development in this area remains scarce and marginal. It has been argued that the Commonwealth should resume responsibility as the lead agency for supporting the Aboriginal Social Health Sector, which would ultimately advance culturally appropriate community controlled service models that could be integrated with existing Aboriginal social health infrastructure. Similarly, if the Aboriginal workforce is better developed and harnessed by improving the balance between VET and Higher Education Training and qualifications, then the Community Services and Health Sectors could be better utilised in preventing problem gambling in the Aboriginal community. If such ideas are achieved, then it is possible to minimise the negative impacts that gambling has on the social and emotional wellbeing of the Aboriginal population.

As already mentioned, the medical approach to 'treating' problem gamblers has resulted in service models that are not always appropriate for those who are culturally diverse, and this is particularly the case with the Aboriginal community. Some current,

mainstream services have attempted to address and incorporate the diverse needs of Aboriginal people in order to provide culturally appropriate gambling help services. For example, the idea of 'healthy choices' has been promoted, which has assisted in recognising the diversity of social, cultural, and health needs, assisting in recognising that mainstream models do not always suit everyone, especially those who are marginalised. Similarly, there are a number of programs that aim at empowering the Aboriginal community by providing information and knowledge around problem gambling issues and harm minimisation to lessen the affect on communities in regional and metropolitan Adelaide. It would be beneficial to see such programs rolled out and incorporated into existing Aboriginal Health Service providers to increase the access to community members.

Positive relationships with the gambling industry have also been established, enabling this industry to become better educated in how gambling affects the Aboriginal population. For example, staff members of gambling venues were educated around the idea of cultural awareness, specifically around ways to approach Aboriginal people in gaming venues, and in the promotion social responsibility. It can be seen that considerable work has been conducted to link gambling more formally into existing national frameworks that govern areas of Aboriginal health, and social and economic development policies and programs. It is important that such work continues to occur in order to better address the impact gambling has had on the Aboriginal community.

## 4. Working with Industry

When engaging and working with industry, it is necessary to consider how this relationship would potentially impact on problem gambling. For example, there have been some attempts by the industry at trading away protections, which NGO's sought to resist. For example, there was talk of a trade off that would have enabled the introduction of note acceptors on gaming machines, which the Gambling Help Sector was particularly concerned about given their assessment that the restriction in SA creates a greater degree of safety. Consequently, it would be highly beneficial if there were standardised guidelines for working with industry. Ideally, an external body would fund this as the NGO sector is often expected to do this at its own cost, both in time and money.

Recently there has been a trend of increasing and improving connections between gaming venues and gaming providers to reach problem gamblers. The formation of the Strategic Leadership Group (SLG) resulted in dedicated resources being concentrated in SACOSS to enable the opportunity for a stronger coordinated effort in negotiating with industry on a number of programs. However, a decision by the Office of Problem Gambling resulted in such resources ceasing.

Research undertaken by Delfabbro (2007b), which aimed to identify problem gamblers in gambling venues, provides valuable insights into developing a channel to reach at risk



gamblers, which has the potential to pre-warn consumers of EGM's of the risk that gambling poses. Similarly, it provided evidence of gamblers who continue gambling until closing time, those who repeatedly cash in, and also the emotional outbursts gamblers may have, especially in regards to hitting machines. Consequently, the practicality of having interventions in gambling venues has been investigated; however there are a number of concerns with this approach. For example, having staff members broach the subject may cause considerable discomfort, potentially exacerbating the harm caused to the problem gambler. Those who are approached may experience elevated shame and may turn to further problematic use of gaming as a coping mechanism. Similarly, the gambling help sector may be forced to acquire greater responsibility to adequately deal with harm minimisation in these situations, which will require forecasting of necessary staff skills and implementation costs. Auspice arrangements should pre-empt policy decisions as this places undue pressure on the help sector who struggle in negotiation power with government agencies that purchase services. There is also a risk of potential harm to the staff who approach customers about their gambling behaviours. Consequently, there is also a need for overt protection for employees within these industries as there can be detrimental effects linked to delivering a potentially damaging product, (i.e. the EGM), and for reporting breaches of codes of practice.

## **5. Game Features and Machine Design**

### ***In response to Recommendations 10.1, 11.1, 11.2, and Draft Findings 11.1 and 11.2.***

Modern gaming machines allow gamblers to play at levels that are of a high intensity and speed, which can result in significant amounts of money being spent, and lost, in a relatively short period of time. This idea is often reiterated by those who utilise gambling help services. Clients often share their experiences of problem gambling, which provides a collective knowledge and understanding of the various aspects of gambling including: the characteristics of gaming machine and gaming environments; and the ineffectiveness of the current gaming machine features and designs in place to minimise problem gambling.

#### **Controlling bet limits**

The often 'shared' experiences of problem gamblers illustrates the strong correlation between gambling losses and the ability to bet high amounts within a relatively short time-frame. For example, the apparent progression from 1 cent credit machines to the \$1 machines, described in the case study statements below, illustrates the need for lowered bet limits to constrain the spending of problem gamblers:

- “when you have played the 1 cent machines over several weeks, you tend to want to gravitate to the \$1 machines.. almost as a ‘right of passage’... the winnings are greater but the losses are too”
- “...the maximum stake should be 50 cents. It’s too easy to spend large sums of money in a short space of time”.
- “the games last only seconds and I used to spend over \$400 per pay packet and in less than an hour”.

Such examples illustrate that the current bet limits imposed by all jurisdictions are ineffective in constraining the spending of problem gamblers as such limits are set too high. The examples also illustrate the widespread support for the slowing down of games per spin, and the reduction of the amount per game. Thus, to be effective in limiting the spending patterns of problem gamblers the maximum bet needs to be low enough to prevent excess spending in problem gamblers, but not so low as to adversely affect recreational gamblers who typically bet at quite low levels. Whilst there is no consensus on whether the maximum bet per game, or push of the button, should be 50 cents or a dollar, there is overwhelming support for reducing the maximum bet per game to \$1 or less. Therefore, SACOSS believes that in all jurisdictions, the maximum bet limit on gaming machines, other than those in high roller or VIP rooms at casinos, should be set at no more than one dollar. Ultimately, this limit will allow recreational gamblers to continue to have their small-scale “flutter”, while also preventing problem gamblers from betting to excess.

### **Breaking into the zone**

Anecdotal evidence in working with problem gamblers has illustrated that ‘breaks’ in the chain of gambling behaviour can provide sufficient leverage for the gambler to make the decision to cease betting, ultimately preventing further funds being spent on chasing losses. It can be argued that enforcing a maximum cap would act as a sufficient break as it would require people to reassess their need to continue betting once they have reached the cap limit. Problem gamblers often report that restrictions on the maximum cap per playing episode would be effective in helping to manage their planned allocation of expenditure. However, the maximum amount of money that can currently be inserted into gaming machines is set too high. Thus, there is consensus that lowering the cash input limit would not necessarily hinder the preferred betting style of most players, but would prevent players from utilising high denomination notes in gaming machines, restricting the high intensity play that is often characteristic of problem gamblers.

### **Capping machine outlays**

The idea of all jurisdictions adopting a maximum cap of \$20 per gaming machine, with no further cash able to be inserted until the machine falls below \$20, is supported. It is believed that this action would reduce the total losses per playing period and would reduce the intensity of play by providing a sufficient ‘break’ allowing clients to review their spending. However, the idea that such restrictions should not be applicable to gaming machines in high roller or VIP rooms at casinos is not supported, as casinos are often a venue of choice for many problem gamblers utilising EGMs. There is

acknowledgement by the Gambling Commission UK that the impact of 'high stake, high prize gaming machines' on problem gamblers be considered for future research.

### **Open disclosure**

It is suggested that governments need to disclose the 'expected' hourly expenditure and the percentage cost of play to all EGM players to ensure that they are making an informed decision in regards to their EGM use. The expected hourly expenditure should be illustrated as a range with the minimum expenditure representing low intensity rates of play, and the maximum expenditure as permitted within the machine's parameters. Similarly, the cost of play should be calculated as 100 minus the return to player percentage.

### **Problem jackpots**

In regards to the effects of jackpots on gaming machine play, it needs to be noted that a significant drawcard for the use of EGM's by problem gamblers is the major jackpot prizes. These are often sought out by problem gamblers who are seeking to regain money spent from housekeeping budgets, or money that had been set aside for mortgage or rent payments. However, EGM's do not indicate whether the jackpot has been paid out. Similarly, 'stand alone machines' pay out jackpot prizes from the machine alone. However, clients who utilise gambling help services have often stipulated that the gaming machine advertising leads them to assume that if they play the machine for a certain amount of time they will either win the jackpot, or will have a 'return to player' win. Thus, clients often do not understand that the 'return to player' is over the life of the machine and not the duration of the playing session. Therefore, it is important that this information be clearly displayed on each EGM.

## **6. Access to ATM's/EFTPOS**

### ***In response to Chapter 9.***

There are currently no studies that quantify the spending patterns of customers who use ATM's in gambling venues. In saying this, the Australian Hotels Association (2008) response to the 'Senate Affairs Committee on Poker Machine Harm Minimisation' clearly outlines that the average withdrawal from gambling venue ATM's is \$95.72 per transaction. Thus, we can only speculate as to the benefit or otherwise of removing ATM's from these venues. It is, however, often argued that direct access to cash is a large motivating factor in the decision making processes of the problem gambler. This is particularly prominent with gamblers in the lower income stream as they often make smaller withdrawals on a more regular basis in the hope of redeeming their losses. As direct access to cash influences a person's decisions, it can be argued that restricting

access to cash in gaming venues would have some obvious benefits for problem gamblers, or for the gambler who is heading in the direction of problem gambling. For example, if the gambler can only make one withdrawal of \$200.00 at the venue and was then required to leave the venue to obtain further funds, it would give the customer a 'timeout' to evaluate the need or desire to continue to gamble. Similarly, if clients could only gain access to funds from outdoor ATM's some may feel uneasy about using outside ATM's at certain times of the day or night and decide not to proceed with their gambling session, ultimately reducing their exposure to gambling. Alternatively, if it is the case that the average ATM transaction is \$95.72, then it is not significantly demanding on the staff or venue to utilise the EFTPOS facilities for cash withdrawals. By utilising this method, the staff and venue would control a person's access to money and this could enable staff to identify any disturbing behaviour or trends from their customers, and would provide staff with a greater opportunity to speak/engage with the customer who may have been identified as at risk. It would also be possible to calibrate ATM's to withhold cards in instances where they are used more than three times in a 24 hour period in licensed premises. This would potentially serve as a way of reducing the extent of chasing losses that occur.

In 2008, the Tasmanian Gaming Commission's Policy Response to the 'Social and Economic Impact Study into Gambling in Tasmania' it was recommended that: there should be a limit of one transaction per day (no amount specified); clients cannot gain access to cash from credit cards; and the possible introduction of no EFTPOS for gaming areas and no cash withdrawals from EFTPOS facilities at all. As all states and territories have agreed to deny access to cash withdrawals from credit cards, it would not be particularly onerous for all states to ban the use of ATM's in gaming venues; however, some exemptions may need to be implemented, especially for communities where the gaming venue is the only available EFTPOS or ATM facility in the region after hours. In saying this, a limit could still apply for these venues. Thus, there needs to be advocacy with the banking sector to examine the available options to facilitate safeguards for at risk individuals to limit access to ATMs either inside or outside venues. In 2002, the South Australian Government legislated that EFTPOS or ATM facilities be removed from designated gaming areas (sect 51a of the act) and that there be a withdrawal limit (sect 51b(3)); however this latter section is yet to commence. Despite this, the Victorian State Government is leading the way with their proposal to have all ATM machines removed from gaming venues (except the Casino) by 2012. Thus, it would be of benefit to the whole Australian community if this was implemented in all states.

As no single factor will reduce problem gambling on its own, the implementation of removal of ATM's from gaming venues would be a very positive step along this path.

## 7. Gambling Policy Research and Evaluation

### *In response to Chapter 15.*

SACOSS commends the Productivity Commission in their work on setting clear directions that will aid in improving future research and evaluation measures. More specifically, we agree that the structure and implementation of research through the GRA has not, on the whole, generated reliable knowledge that can be applied at either the policy or practice level. Thus, we are in support of the proposed model detailing the new Gambling Research Centre. In establishing this centre, we would like to see more formalised consultation structures that ensure the full and regular contribution of the gambling help sector and problem gambling consumers to various research agendas. Similarly, attention needs to be taken to ensure the research centre is independent from predominantly political or industry based influences. Thus, we welcome further developments in this area and would be interested in participating in this process as such developments arise.

SACOSS would like to see a public health framework used to underpin the conceptual base of gambling research. Broadening gambling research to include this framework will create and foster research that goes beyond the individualised pathology of problem gamblers and will ultimately work towards increasing preventative measures for problem gambling. In particular we emphasise the following:

- Greater transparency of research processes and access to data sets, including disaggregated EGM data, is beneficial;
- National consistency of data collection and evaluation methodologies is strongly supported provided this is a baseline and variables can be introduced for local conditions and cultural issues
- Aboriginal and CALD experiences require specifically tailored evaluation and research approaches
- The data collected needs to be more detailed and include information on other factors in the lives of problem gamblers (that is, information other than a person's gambling behaviour);
- A greater focus on research into the efficacy of problem gambling interventions is welcomed, provided it looks not only at interventions to stop gambling, but also public health strategies to *prevent* problem gambling. This relates to the notion of recognising gambling as “a broad based public [health] issue of national significance rather than a quite narrow medicalised pathology affecting a minority” (Young, 2009);
- There needs to be a more careful consideration of outcome measures for the efficacy of problem gambling interventions.;
- Rigorous qualitative research needs to be undertaken so that we understand more about multiple factors that support harm minimisation rather than simply evaluating in terms of intervention outcomes;

- It is crucial that the correlation between problem gambling and suicide/suicide ideation is investigated as there is clear evidence from the field that problem gambling is a risk factor for suicide/suicide ideation; and
- In relation to the notion of 'tracking' clients' use of other health services, we have some concerns for the clients' privacy and confidentiality and therefore recommend this issue be looked at in more detail.

## 8. Pre-commitment

### *In response to Chapter 7.*

For a number of years SACOSS has been engaged with the development of a universal pre-commitment scheme in South Australia. Initially such work involved encouraging the Independent Gambling Authority to investigate the idea of implementing "Smart Cards", and more recently we have been closely examining the three pre-commitment trials auspiced by the SA Gambling Minister's Responsible Gambling Working Party. To date, our observation regarding pre-commitment indicate that:

- There is a very high likelihood that pre-commitment will significantly reduce the transition of patrons from 'at risk' to 'problem gambling' behaviours, and is also likely to contribute to the reduction of harms for people with gambling problems;
- Although industry appears resistant, it can, through appropriate engagement, take the key elements on board. However, responses will be highly variable from venue to venue;
- In hotels and clubs, the gaming room manager is crucial to the effective implementation of any pre-commitment scheme;
- Patrons are unlikely to take up pre-commitment without some form of prompt;
- A pre-commitment program must be easy to use;
- Patrons are more likely to minimise the number of pre-commitment measure that they use, with session/daily spend limit the most likely measure to be minimised; and
- Technology is not an issue in implementing pre-commitment measures as almost any imaginable pre-commitment program is technically achievable, at an affordable cost.

SACOSS recommends that pre-commitment should apply to all gambling activities. SACOSS also strongly supports the recommendation for a universal pre-commitment program for EGMs to be established nationally; however we would ideally like this to occur prior to 2016. We regard the pre-commitment recommendation as the most important of the entire report, due to the harm reducing impacts for individuals, households and the broader community. Pre-commitment is also an excellent example of a "Public Health" approach to gambling harm, a theme explored elsewhere in this submission.

In designing the pre-commitment scheme, the following elements are essential:

- The scheme should be universal; that is implemented across all jurisdictions and in every gaming venue;
- There are two essential elements that must be implemented as a *minimum* pre-commitment option:
  - Session spend limit i.e. limiting the net payment made by a patron; and
  - Break in play;
- Increases in pre-commitment limits must require at least 24 hours notice before such changes can take affect;
- The pre-commitment device (e.g. card or chip) must not be able to be transferred;
- Only one pre-commitment device can be issued to any individual;
- There must be staff contact with a patron who exceeds a pre-commitment limit within 10 minutes of play;
- Statements of expenditure will need to be issued on a monthly basis, and be available on request;
- All pre-commitment displays and statements shall be given with dollars as the unit of measurement; and
- Reporting of aggregated data derived from pre-commitment will be publicly available in a timely, transparent and accessible manner.

In designing the pre-commitment scheme, the following elements are highly desirable:

- Gaming activity ceases once a limit is reached, i.e. no further play possible once limit is reached; and
- Third party notification (e.g. partner or gambling counselor) if the patron exceeds their pre-commitment limit and/or spending statements.

In designing the pre-commitment scheme, the following elements are tolerable:

- The scheme uses a loyalty program platform. In this instance a protocol is necessary that prescribes acceptable loyalty 'rewards' and promotion/marketing, e.g. no promotional material of any kind should be sent to a patron who has been identified as exhibiting problem gambling behaviours or who has exceeded a pre-commitment limit on 3 or more occasions over a 3 month period.

## 9. Online Gambling, Mobile Phone & Digital Television

*In response to Chapter 12.*

SACOSS is deeply concerned that the Productivity Commission recommends the regulated liberalisation of online gambling.

In recent times, concerns from gambling help services and the broader welfare sector has been growing in relation to the introduction of new technologies that are increasing

the accessibility of gambling and gambling related products and services to significantly more people. Internet gambling, mobile phone gambling (also called m-gambling), and the potential gambling related services that digital television will bring is increasing the opportunity for a greater percentage of the population to gamble.

Online gambling is causing great concern to the sector due to the ease of access that this form of gambling will have for any Australian with a high speed internet connection. To date, people who wish to access the most popular forms of gambling such as EGMs or casino gaming have had to leave their homes in order to utilise these services. Online gambling removes this necessity with an assumed plethora (if the Productivity Commission draft report is correct in equating liberalisation with increased competition) of gambling products and services at the click of a mouse or button. Gamblers will no longer have to leave their homes to gamble.

In regards to m-gambling, SACOSS members have identified the potential harm that the increasing capability of the 3G network with high speed data transfers will have in the near future. Governments' need to recognise that technology is moving at such velocity that the need to 'keep up' with regulation and legislation to protect consumers will be vital. As was highlighted in the SACOSS and ACOSS submissions to the Productivity Commission Review into Gambling in April 2009, m-gambling has been embraced by the industry and consumers which is abundantly proven when consumer expenditure in m-gambling is expected to top US\$19.3 billion this year (Hutchinson, 2006).

Again we would call for government to embark upon a detailed review of new and emerging forms of gambling and regulate the ability for people, particularly young people and problem gamblers, from accessing these forms of gambling. Government must keep in mind that technology such as digital television, the internet and the 3G network is opening up the possibility of accessing gambling products to all who have access to this technology.

The Productivity Commission report asserts that liberalising and regulating online gambling will act to protect people who currently access online gambling from overseas websites and as inferred by the use of the prohibition analogy, will prevent the online industry from going 'underground'. We would suggest that using the prohibition analogy is problematic for two reasons.

First, unlike prohibition, where all alcohol products were banned so, if people wanted to consume alcohol they needed to obtain this via the black market, there are many other currently legal forms of gambling. If an individual wants to gamble they have a plethora of available choices from lottery cards to casino games. Secondly, the argument made by the Productivity Commission in regards to legalising online gambling in order to protect those who utilise illegal or offshore sites is a similar argument made by advocates for legalising drugs such as marijuana. Advocates claim that legalising and regulating the drug would offer protections to those who consume the drug illegally.

We would suggest sincere caution in liberalising an online gambling environment based upon the assumption that if it were legalised and regulated that it would protect those who are currently accessing online gambling in Australia from foreign sites. It could be considered specious reasoning to assume that a regulated online environment would help to protect gamblers when there is already considerable harm created by already legalised and regulated forms of gambling, such as EGMs.



Opening up the ability for a greater number of Australians to gamble without even leaving their homes (based upon what is already known about breaks in play and gamblers benefiting from taking themselves away from gambling establishments) has the potential to drastically increase the numbers of Australians who develop problem gambling behaviour and then seek assistance from already overburdened gambling help services.

## 10. Gambling Revenue

### *In response to Section 3.3- Revenue Raising.*

As was articulated in our previous submission, SACOSS and our members are increasingly concerned about the continued dependence by government on the proceeds of gambling, particularly when a significant proportion of gambling revenue is obtained from individuals with problem gambling behaviours. Based upon figures published in the Productivity Commission Report, state governments are accruing significant income from pathological gambling with up to 40% of total gambling machine revenue being sourced from problem gamblers and additional income via moderate risk gamblers. Given the significant level of state taxation being sourced through gambling receipts it would not be unreasonable to question the incentive that state governments have to reduce expenditure from this source of income. Without such an incentive the task of radically addressing problem gambling would seem to be an uphill battle.

The situation in Western Australia is different to the rest of the country in that (EGM's and casino gambling is only permitted in the two operating casinos in the state. However, the proceeds of gambling are not permitted to be used by the government by current legislation. Lotterywest is the state lottery and operates on a not-for-profit basis. A significant proportion of the revenue collected by the lottery is put back into the community. In 2008 \$234 million dollars was directed back into the community, including funding to health services (\$107.1m), funding to the arts (\$13.4m), funding to sporting services (\$13.4m) and community grants (\$90.5m) (Lotterywest Annual Report, 2009).

Again, SACOSS advocates for state governments to be forced to become less reliant upon the revenue accrued from gambling particularly when a significant amount of this revenue is gained from problem and moderate risk gamblers. Furthermore, they should direct a greater proportion of current levels of gaming taxation towards the gambling help services (much like the Western Australian model) and in embracing and implementing prevention and early intervention strategies. We also recommend the Productivity Commission assist government in placing this item on the agenda via the Henry Tax review and other mechanisms.

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