

Pokies, Punters and Policy: What is to be done to tackle problem gambling?

An Australian Overview

**The Asia Pacific Conference on Gambling and Commercial Gaming
Research**

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Macao



ACN 092 720 753

What is the Australasian Gaming Council?

- The Australasian Gaming Council (AGC) is an industry peak body promoting gambling education, responsible gambling and research.

The AGC supports the advancement of a sustainable gambling industry in both Australia and New Zealand.

Australasian Gaming Council Charter:

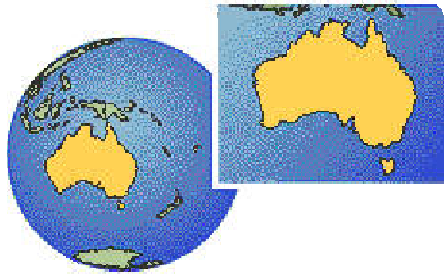
Promote

Gambling education
High quality gambling research
Responsible gambling initiatives

Participate in gambling and public policy forums

Deliver first class products and services for members

- Established by leaders of the gambling industry in June 2000 following the first (1999) Productivity Commission Report on Australia's Gambling Industries.
- Membership in major sectors of the industry including hotels, casinos, gaming machine manufacturers and a major wagering/sports-betting provider.



A Few Facts and Figures

Australian Population = 22,802,394



- **Racing** (353 racetracks & 2,641 race meetings in 2010/11)
- **Wagering** (4,478 retail outlets, online outlets/ 522 bookmakers & 1 betting exchange)



- **Lotteries** (over 4,885 retail outlets & online ticket purchase availability)
- **Instant Lotteries** (scratch cards)



- **Casinos** (13 casinos throughout Australia with approximately 1,385 tables & 12,827 EGMs)



- **Electronic Gaming Machines (EGMs/Pokies/Slots)** 197, 272 available at approximately 5,430 venues (including 12 casinos)



- **Sports-betting** (retail outlets, online outlets/bookmakers) & **Betting exchange**



- **Other: Bingo, Keno, Pools, Minor Gaming**

Australian Gambling Expenditure 2008/09

Expenditure 2008-09:

- **Wagering/Sports-betting:** \$2,594,000,000 (\$170 per capita)
 - **Lotteries:** \$1,996,000,000 (\$120 per capita)
 - **Casino Gaming:** \$3,463,000,000 (\$208 per capita)
 - **EGMs:** \$10,468,000,000 (\$630 per capita)
 - **Other:** \$260,000,000 (\$16 per capita)
- Overall, gambling in Australia constitutes a \$19 billion industry – expenditures equate to an average of \$1,500 per participating adult (*Productivity Commission, 2010*)
 - Australians spent around \$10.5 billion on EGMs in clubs and hotels and around \$1.4 billion on EGMs in casinos in 2008-09
 - Gambling comprised 3.1% of household consumption expenditure in 2008-09, down from 3.9% in 1998-99

Taxation 2008-09:

- Varies from state to state but generally creates 10% of states own revenue (from 2.6% in Western Australia to 18% in the Northern Territory)
- Taxation contribution of Australia's gambling industries in 2008/09 = \$5.2 billion

Australian Gambling Participation Rates

Participation Rates:

- Approximately 70% of adult Australians participate in some form of gambling every year – the majority in lotteries

Lotteries/Scratch tickets: 70%

EGM participation: 25-30%

Casino gaming participation : 5-7%

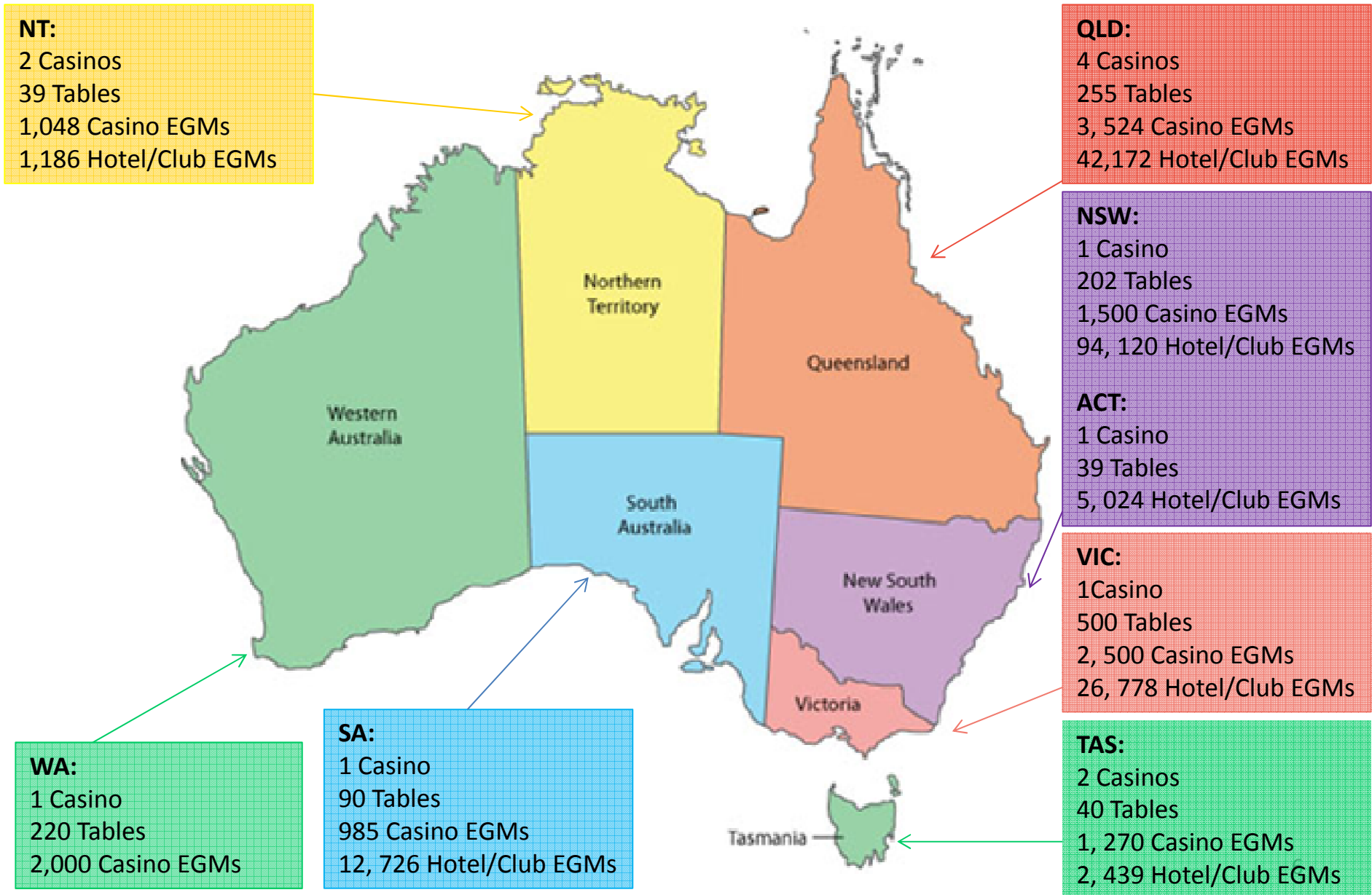
Wagering participation: 15-27%

Sports-betting participation: 4 -9%

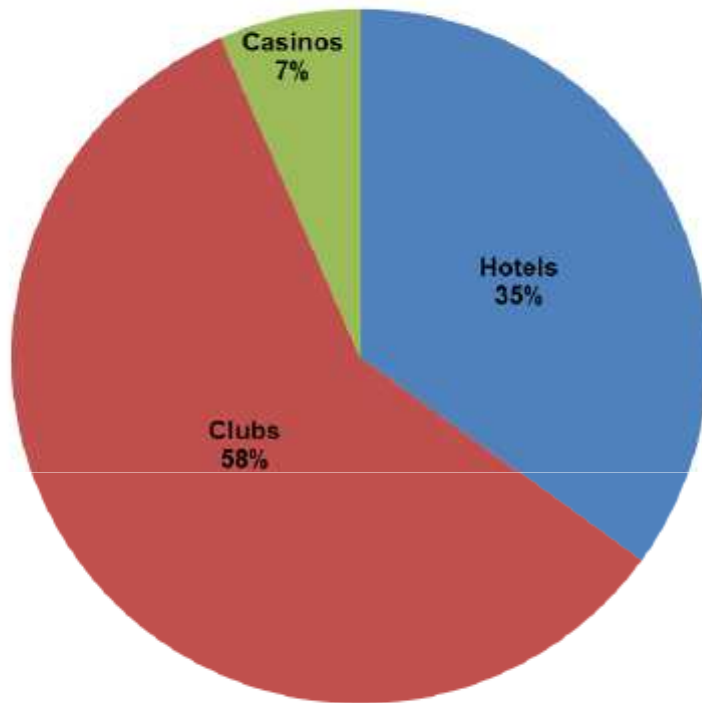
Online gambling 2-4%

- Most policy interest centres on people playing regularly on EGMs
- Around 600,000 Australians (4 % of the adult population) play EGMs at least weekly
- While State/Territory prevalence survey results vary, the Productivity Commission found in 2010 that around 15% of these regular players (95,000 persons) are problem gamblers

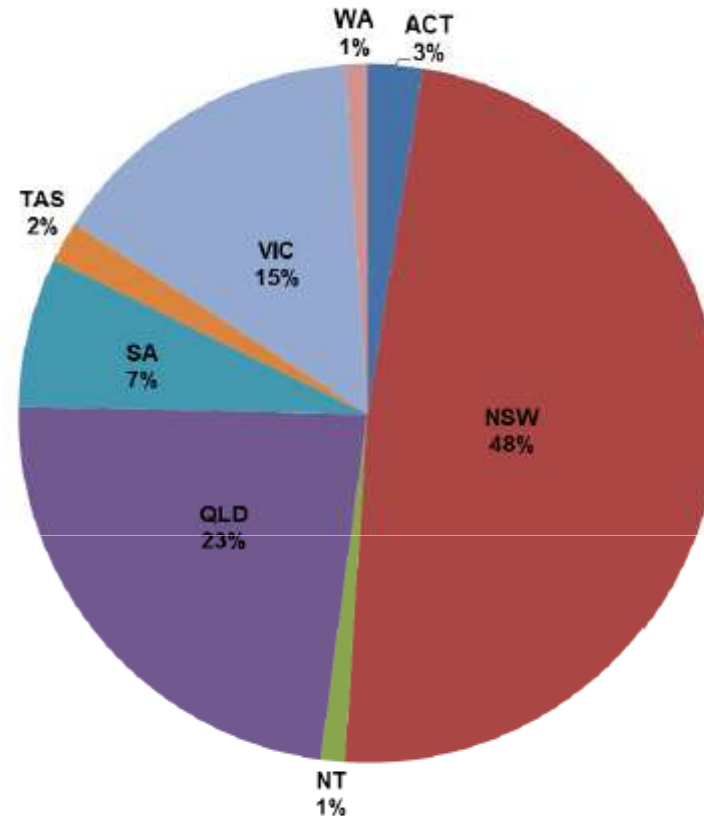
Casino, Club and Hotel Gambling in Australia 2010-11



EGMs in Australian Casinos, Hotels and Clubs 2010-11



EGM distribution by venue type



EGM distribution by state/territory

EGMs in total = 197, 272

Great disparity in non-casino venue sizes: EGMs < 10 to EGMs = 450

Approx 11.6 EGMS per 1,000 adults

For more information see: www.austgamingcouncil.org.au

Problem Gambling in Australia

- **Problem gambling is defined in Australia as:**

Difficulty controlling time or expenditure on gambling that results in harm for the gambler, others or for the community

- Gambling Research Australia (2005)

- **The Productivity Commission estimated in 2010 that:**

- Problem gamblers represent 0.5 - 1% of adults (80,000 - 160,000 persons)
- A further 1.4 - 2.1% of adults (230,000 - 350,000 persons) are at moderate risk

- **It's not possible to be definitive about the costs and benefits however in 2008-09 the Productivity Commission estimated that:**

- Benefits from tax revenue and enjoyment of gambling for recreational gambling are between 12.1 – 15.8 billion
- The costs to problem gamblers ranged between \$4.7 and \$8.4 billion
- The overall net benefits ranged between \$3.7 and \$11.1 billion

What has been done to further Responsible Gambling?

Responsible gambling occurs in a regulated environment where the potential for harm is minimised and people make informed decisions about their participation

Responsible gambling occurs as a result of the collective actions and shared responsibilities of individuals, communities, the gambling industry and governments to achieve outcomes that are socially responsible and responsive to community concerns

- A National Responsible Gambling (RG) Framework & National RG Principles for EGM venues
- Numerous state & industry responsible gambling programs, websites, consumer information and education packages
- Responsible Gambling Codes of Practice – most are now mandatory
- Strict compliance with legislative Harm Minimisation measures
- Staff training requirements for staff
- RG awareness raising activities (RG Awareness Week – nationwide event)

Lines of referral to help for problem gamblers:

- Industry have dedicated RG units and RG staff
- National problem gambling helpline with referral to face to face counselling, financial counselling as well as national on-line counselling availability

An overview to EGM Regulatory Requirements and Industry Initiatives

▶ Informed Choice

- Meaningful information
 - Price
 - Odds
 - EGM functions
- Ethical Promotion
- Warnings & messaging
- Expenditure statements
- Consumer education initiatives
- Support/Counselling Service information

▶ Consumer Assistance Commitments

- Codes of Practice
- Staff training
- Referral to support/counselling services

▶ Consumer Control Mechanisms

- Self-Exclusion Programs (available at all venues)
- Pre-commitment
 - Time
 - Expenditure(available for voluntary uptake at casinos as well as EGM venues in SA & QLD)



▶ Venue/Game Restrictions

- ATMs
 - Location restrictions
 - Withdrawal Limits
- EGM Caps
- Restrictions on opening hours
- Bank Note Acceptor Limits
- Cheque pay-out requirements for prizes
- Credit restrictions
- Advertising restrictions
- Incentivisation/loyalty program restrictions
- Lighting/other environment requirements
- Clocks (passage of time)
- Smoking restrictions
- Alcohol restrictions

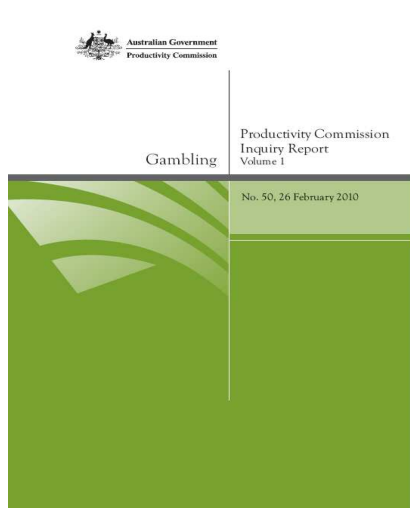
Australian Gambling Research, Policy and Governance Structures

State & Territory Governments

- Policy, Licensing & Regulation for:
 - Electronic Gaming Machines (EGMs)
 - Casinos
 - Racing and Wagering
 - Sports betting
 - Lotteries and Keno
- State Research Projects (prevalence studies, statistics, harm minimisation)

Federal Government

- Online Gambling (*Interactive Gambling Act*)
- Council of Australian Governments (COAG) & MCG
- Productivity Commission (Independent body reporting to Federal government)
- Gambling Research Australia (National research studies)
- Joint Select Committee on Gambling Reform (JSCGR)
- FaHCSIA – Problem Gambling Taskforce



“A more coherent and effective policy approach is needed, with targeted policies that can effectively address the high rate of problems experienced by those playing gaming machines regularly”

Productivity Commission Report – June 2010

- Recommendations regarding EGMs included:
 - Pre-commitment (limit setting) system (partial by 2013, mandatory by 2016)
 - Lower bet limits by 2016 (\$1 per spin)
 - BNA and cash-input limits (\$20)
 - Enhanced warnings and cost of play displays
 - ATM’s – away from gaming floor, limited to \$250 per card per day
 - Cheques for wins over \$300
 - Enhanced training for staff, better linkages to gambler help services
 - Shut down periods (no later than 2am and at least 6 hours duration)
- The Commission acknowledged that the changes would create some substantial costs for industry but justified these against the benefits in harm reduction and provided a timeframe for change to occur
- Suggested that the Federal Government use powers available under the Commonwealth Constitution to legislate for changes to EGM policy if States/Territories did not agree
- Government response recommends establishment of a COAG Select Council of Gambling Reform to progress a national approach

**Pre-commitment
Research, Inquiries &
Trials (2005-)**

- National Survey of Gambler Pre-commitment Behaviour (GRA)
- Queensland Trials (voluntary systems)
- South Australian Trials (voluntary systems)
- Victoria – requirement for a voluntary system in place on all Victorian EGMs by 2016

**Productivity Commission
Report and
Recommendations
(June 2010)**

- 'Full' (mandatory) jurisdictionally based pre-commitment by 2016
- Subject to initial development, trialling and compatible CMS
- Exemptions until 2018 for 'small venues'
- 'Partial' (voluntary) pre-commitment by 2013 (where possible)

**The 'Wilkie Agreement'
(Sept 2010)**

- Establishment of Joint Select Committee on Gambling Reform
- Commence arrangements in 2012 for 'full' (mandatory) pre-commitment schemes in all jurisdictions by 2014
- Dynamic warnings/Cost of play displays
- \$250 ATM daily withdrawal limit

**Joint Select Committee
on Gambling Reform
Recommendations
(May 2011)**

- 'Full' (mandatory) pre-commitment system by 2014 ...or
- Low impact EGMs (= \$1 max bet, \$20 BNA limit, \$500 max prize)
- Exemptions for 'small venues'/foreign tourists

**Industry response
(May 2011)**

- Industry campaigns against mandatory pre-commitment

**Gillard Government
repudiates the Wilkie
Agreement
(Jan 2012)**

- Political changes allow Prime Minister Gillard to repudiate the Wilkie Agreement and formulate new legislation

**National Gambling
Reform Bills – Exposure
Draft
(Feb 2012)**

- A large scale trial of mandatory pre-commitment (ACT) – agreed but not legislated
- All poker machines to be part of state linked voluntary pre-commitment scheme by end 2016 (except small venues)
- \$250 daily limit for ATM withdrawals
- Electronic warnings and cost of play displays
- Strengthen Self-Exclusion
- Improve staff training
- Additional counselling/support services

**Further JSCGR
Inquiries/Greens \$1 Bets
Bill**

- JSCGR – Prevention and Treatment of Problem Gambling Inquiry Report
- Green's *Poker Machine Harm Reduction (\$1 Bets and Other Measures Bill)*
- JSCGR Inquiry into the Poker Machine Harm Reduction \$1 Bets and Other Measures Bill (ongoing)

**National Gambling Reform
Bills introduced into
Parliament
(31 October 2012)**

- Trial of mandatory pre-commitment made the subject of legislation
- Pre-commitment details as per the Exposure Draft
- Some extra time for small venues to comply
- Provision made for an Australian Gambling Research Centre through the Australian institute for Family Studies (AIF)

The Gillard/Wilkie Agreement – September 2010

- 21 August 2010 – A federal election and a hung parliament
- Prime Minister Julia Gillard's subsequent agreement with Independent MP Andrew Wilkie made on 2 September 2010 received his support for her government in exchange for:
 - A national mandatory pre-commitment regime for EGMs by 2014
 - Dynamic Warnings and Cost of Play displays
 - ATM \$250 withdrawal limit
 - Establishment of a Parliamentary Joint Select Committee on Gambling Reform
 - If no agreement with States and Territories the Federal Government to unilaterally legislate (subject to legal advice)

Recommendations of the Joint Select Committee for Gambling Reform (Federal Government) – May 2011

- Mandatory pre-commitment applicable to all current EGMs by 2014 (ie: binding limit to be decided by the gambler that enables prevention from further play once limit is reached)
- ID requirement for player card (not biometric)
- Pre-set 'default' time/spending limits which the player can choose to use or modify
- 24 hours for upward limit variations (no minimum period for limit decrease)
- Dynamic warnings to the player when limit is approached
- System/card to enable a self-exclusion option
- Linked loyalty schemes not prohibited but to be monitored
- Exemptions for small venues until 2018 (15 EGMs or less, regional/rural areas) and for foreign tourists at casinos
- Venues to have the choice to run mandatory pre-commitment on all EGMs or switch to 'Low Intensity EGMs' (without pre-commitment) or offer both options
- 'Low Intensity EGMs' = \$1 maximum bet, \$500 maximum prize and \$20 maximum cash load-up

Pre-commitment : The Industry Concerns

- **There are limited Australian trials/studies (what does exist in the Australian context is a product of industry/state governments pioneering programs in collaboration - with an emphasis on voluntary budget setting schemes only)**
- **Caveats on any possible applicability of international studies to Australia and the actual system proposed for Australians**
- **Industry remain concerned that mandatory pre-commitment has been incorrectly dubbed a 'solution for problem gambling' and, if imposed, would:**
 - **Fail to assist problem gamblers (gamblers required to have a card but allowed to set own limits);**
 - **Impact adversely on the privacy and enjoyment of recreational EGM gamblers ;**
 - **Impact adversely on revenues and therefore funding for community projects, industry employment, club/hotel viability; and**
 - **Create a large cost burden for EGM upgrades, new central monitoring systems and implementation – with no trial/modeling of long term impacts versus any possible benefits.**

National Gambling Reform Bill & Related Matters Bills 2012

- Exposure draft announced in February 2012 but not introduced into Parliament until 31 October 2012
- Changes the face of policy-making for gambling in Australia by using Federal constitutional powers to regulate an area previously wholly regulated by States/territories

In essence:

- All new poker machines manufactured or imported by 31 December 2013 to be capable of supporting pre-commitment
- All EGMS to be to be part of a state linked pre-commitment system by 2016 (except small venues who have until 2020 to comply)
- Voluntary registration by consumers with principles for maintenance of privacy
- System must be able to support:
 - Limit setting for time and money – or choice of ‘no limit’
 - Cooling off period (24 hours for upward variation)
 - Limit messaging and reminders
 - Exclusion from the system
 - Player Activity Statements

The Bill also:

- **Legislates a trial of mandatory pre-commitment to be held in the ACT (already underway)**
- **Requires the Productivity Commission to assess trial and recommend a transition to mandatory pre-commitment if warranted**
- **A \$250 daily withdrawal limit from ATMs to commence 1 May 2013**
- **Electronic warnings and cost of play displays on poker machines to commence by 2016 (research commenced in Queensland to inform detail in 2012)**
- **Creates the Australian Gambling Research Centre within the Australian Institute of Family Studies**
- **Non-legislated changes:**
 - **Strengthening self-exclusion programs**
 - **Improving staff training**
 - **Additional resources for financial counselling**

The National Gambling Reform Bill & Related Matters Bills 2012: A number of potential issues...

- **Specificity – much further detail to come in the accompanying regulations**
- **Timelines for change – concerns already raised by the Clubs industry**
- **ACT trial difficulties – not least an understanding of what defines a ‘successful’ trial**
- **If trial is successful then amendment required for mandatory pre-commitment**
- **Puts in place a cumbersome regulatory system which will depend in part upon negotiation with state/territory regulatory authorities. If agreement is not reached a functional Commonwealth regulator will need to be established**
- **State/territory challenges to Commonwealth jurisdiction?**
- **Already subject to strong criticisms as ‘watered down’ reform by some proponents of gambling reform**

Online Gambling - Further Reform Considerations

Considered by:

- Productivity Commission (2010)
- Parliamentary Joint Select Committee on Gambling Reform
- Department of Broadband Communications and the Digital Economy – Review of the IGA

Issues of concern include:

- *Interactive Gambling Act (IGA) 2001* – allows sports betting/wagering but prohibits online casino games/poker/slots
- A ‘paper tiger’ – Australians accessing prohibited offshore interactive gaming with little protection under the Act
- Community concern regarding the proliferation of advertising and inducements for online sports betting – not subject to the same restrictions as terrestrial providers
- Sports betting a growth area and particularly appealing to young males – a key group for concern
- ‘Liberalise’ and regulate with greater efficacy or tighten restrictions? Concern for problem gambling suggests little political support for a policy of liberalisation but jurisdictional issues abound with prohibition in a global market place
- Too little Australian research – although this is now being addressed (i.e., The Australian Gambling Study)

Federal Government Actions

The Federal Government announced the following reform considerations in tandem with EGM (January of 2012):

- Extending pre-commitment to online betting
- Banning online credit – allowances made for ‘professional punters’
- Limiting betting inducements – such as payments of commissions to third parties for encouraging/referring new accounts
- Greater consumer protections for gamblers – ensuring companies cannot offer bets they cannot afford to pay out
- Increasing the penalties for breaches of the Act – civil penalties through Australian Communications and Media Authority (ACMA)
- Review of the IGA by the Dept of Broadband, Communications and the Digital Economy (DBCDE) – Interim review complete but as yet no final report...

DBCDE – Interim Review of the IGA

Reduce harm from online gambling by encouraging major unlicensed gambling service providers to become licensed on the condition that they:

1. Cease providing higher risk types of online gambling to Australians; and
2. Adopt a national standard for harm minimisation

Strengthen enforcement and deterrence measures against un-licensed providers within the limits of extra-territoriality

Create incentives for unlicensed online providers to become licensed

Increase awareness amongst consumers of the risks of using unlicensed gambling providers

The Australian Research Agenda – GRA Five Priority Themes 2009-14

- Helping individuals set their limits including access to cash and pre-commitment;
- Responsible gambling environments;
- Gaming machine standards - developing better consumer protection;
- Preventative and early intervention strategies targeted at those at risk of problem gambling; and
- Development of harm minimisation measures for interactive gambling

Questions





www.austgamingcouncil.org.au

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Politics and Policy – A Brief Timeline of Events

- **23 June 2010** - Productivity Commission report released.
- **24 June 2010** - Julia Gillard challenges Prime Minister Kevin Rudd for the party leadership...and wins
- **21 August 2010** – Australian Federal Election results in a hung parliament
- **2 September 2010** - The Gillard/Wilkie Agreement
- **30 September 2010** - Parliamentary Joint Select Committee on Gambling Reform constituted
 - Inquiry into Pre-commitment Scheme Report (May 2011)
 - Industry Campaign
- **21 January 2012** – Prime Minister Gillard walks away from the Wilkie Agreement and announces new policies for gambling reform
- **17 February 2012** - The Gillard Government's *National Gambling Reform Bills* Exposure Draft
- Parliamentary Joint Select Committee on Gambling Reform
 - Inquiry into Prevention and Treatment (October 2012)
 - Inquiry into Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill (in progress)
- **31 October 2012** - Gillard Government's Gambling Reform Legislation introduced to Parliament