

**THE COALITION'S POLICY
DISCUSSION PAPER ON
GAMBLING REFORM**

November 2011



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1. Introduction

The Coalition understands that gambling is a major problem for some Australians. For many others, it is a recreational activity that they enjoy within personal limits that they set for themselves.

The vast majority of Australians gamble responsibly. We recognise that gambling is an entertainment industry that employs over 150,000¹ people across Australia. It is also a key offering within our broader hospitality, tourism and accommodation sectors.

The challenge for governments is balancing the legitimate right of adult Australians to gamble responsibly with the establishment of appropriate protections and support for the small number of people for whom gambling can have tragic personal and financial consequences.

Statistically, less than one per cent of the Australian population are problem gamblers, while a further 1.7 per cent of the population are at moderate risk from gambling.² The Productivity Commission report into gambling in February 2010 found in relation to problem gambling prevalence rates that “notwithstanding the various limitations in comparing studies over time, on balance, the Commission’s assessment of the evidence suggests that prevalence rates *have* fallen.”³ However, the Productivity Commission estimated that problem gamblers account for between 20 and 60 per cent of total national gaming machine spending⁴ and, on average, lose \$21,000 annually.⁵

Problem gambling needs to be tackled through approaches that can effectively address, mitigate and prevent problem gambling.

Effective policies are those that target the small percentage of the population who suffer gambling problems and gaming addictions.

It is also critical that any national policy response to problem gambling cover all types of gambling and not merely poker machines or we risk the obvious outcome where problem gamblers substitute one type of gambling for another.

Fundamentally, any national policy approach must demonstrably be capable of working and delivering real, meaningful and measurable outcomes for problem gamblers across all forms of gambling.

¹ Productivity Commission (2010) *Gambling Inquiry*, Report No. 50, p. 2.14.

² Productivity Commission (2010) *Gambling Inquiry*, Report No. 50, p. 11.

³ Productivity Commission (2010) *Gambling Inquiry*, Report No. 50, p. 5.37, emphasis in original.

⁴ Productivity Commission (2010) *Gambling Inquiry*, Report No. 50, p. 16.

⁵ Productivity Commission (2010) *Gambling Inquiry*, Report No. 50, p. 5.33.

2. The Gillard Government's Proposal

Mandatory Pre-Commitment

Under the mandatory pre-commitment scheme proposed by the Gillard Government, all gamblers will be required to join a mandatory scheme before they can play poker machines in a licensed venue. A key part of the scheme is the requirement that gamblers will be responsible for setting a limit for the maximum amount of money they are prepared to lose in a set time period, (e.g. 24 hrs).

The Coalition is not persuaded that mandatory pre-commitment will effectively tackle problem gambling. Gambling reforms need to ensure that problem gambling is prevented and problem gamblers helped. Mandatory pre-commitment is highly unlikely to achieve either of these aims.

A major flaw in the Gillard proposal is that the limit set by a gambler is completely up to the individual. Under Labor's mandatory pre-commitment scheme, there is nothing to stop a problem gambler setting a high gambling limit (e.g. \$100,000 even if earning only average income) or simply to swap poker machines for another form of gambling, such as wagering, online gambling or non-poker casino games. The Coalition believes that mandatory pre-commitment is, by its nature, open to fraud and susceptible to efforts to circumvent any benefit it may have.

From the information available to date, it is clear that the Gillard mandatory pre-commitment proposal needs more thought. It is focussed on one technology only and is opposed by every state government.

It remains unclear how a mandatory pre-commitment system could be implemented and managed across venues and states that currently use different and incompatible systems and networks.⁶

There are also legitimate concerns regarding the issue of privacy, such as the ownership of information and access to the information obtained under the proposed mandatory pre-commitment scheme. Concerns around the administration and management on-costs for implementing such a system have not been adequately addressed.

The Coalition is also concerned that the impact on tourists and irregular or recreational gamblers have not been sufficiently understood. Some of our most significant tourism properties are our capital city casinos. All these have considerable hospitality and accommodation facilities that are co-located with gaming operations. Gambling tourism, particularly in the Asia-Pacific region, is a growing industry and a knee-jerk policy response to legitimate issues of problem gambling has big risks for the continuing expansion of our tourism sector.⁷

⁶ Parliamentary Joint Select Committee on Gambling Reform (2011) *First Report – The Design and Implementation of a Mandatory Pre-Commitment System for Electronic Gaming Machines*, pp. 225-27.

⁷ For example, Deutsche Bank estimates that mandatory pre-commitment will reduce sector earnings by 5 to 36 per cent (Deutsche Bank (2011) *COAG Reform Council Meeting*, p. 1. See also Parliamentary Joint Select Committee on Gambling Reform (2011) *First Report – The Design and Implementation of a Mandatory Pre-Commitment System for Electronic Gaming Machines*, pp. 168, 214 and 243).

There has also been little consideration of the flow-on impacts of clubs losing significant portions of their revenue. If clubs face significant shortfalls, it is fair to assume that their ability to provide community support will also decline.⁸ This is particularly relevant in those communities where the local club provides ongoing support to sporting organisations, local groups, seniors and community events. There is no ready replacement for this support and this is something that state governments have universally acknowledged. Again, the failure to properly think through the impacts of the mandatory pre-commitment proposal has put at risk elements of the social fabric in many metropolitan and regional communities.

The Gillard Government adopted the proposal by the Tasmanian independent, Mr Andrew Wilkie, for mandatory pre-commitment to secure his support in forming a minority government out of the hung Parliament resulting from the 2010 election. The fact that the Prime Minister readily agreed to introduce such a radical new measure without a mandate from the people should surprise no-one who has seen events transpire in relation to the carbon tax. However, the carbon tax was at least subject to a modicum of rigour by The Treasury. Not so the proposal to introduce mandatory pre-commitment. There has been a complete failure by this government to properly model the investment, employment, revenue and tourism industry aspects of this proposal. Nor has it been trialled to see if it will even work: and on this government's record for implementing policy, that would seem a necessary pre-condition to any new policy.

Based on a recent study from Norway, following the introduction of mandatory pre-commitment there, the Coalition is also concerned that the Wilkie-Gillard scheme risks the migration of gamblers away from poker machines and onto other forms of harmful gambling, including online gambling.⁹

A mandatory pre-commitment scheme that treats all gamblers as problem gamblers is at odds with the Coalition's core principle of personal responsibility and our antipathy to anything which smacks of a 'nanny state'.

It is for these reasons that the Coalition's strong disposition is to oppose mandatory pre-commitment.

Instead, the Coalition believes that policies to reduce gambling harm must address all forms of gambling and be practical policies that will work.

3. Productivity Commission's Report into Australia's Gambling Industry

It was the Coalition (under then Leader of the Opposition, the Hon Dr Brendan Nelson) that called on the Rudd Government to consider the issue of problem

⁸ For example, Clubs Australia estimates the government's approach will cost clubs \$2 billion, while Clubs Queensland notes that mandatory pre-commitment will "significantly weaken if not decimate the financial viability of a proud not-for-profit industry that operates gaming machines for the collective benefit of its members and local communities" (see: Clubs Australia (2011) *Submission to the Parliamentary Joint Select Committee on Gambling Reform*, p. 17 and Clubs Queensland (2011) *Submission to the Inquiry into Gambling Reforms*, p. 2).

⁹ *Gambling Behaviour and Gambling Problems in Norway* 2008, accessed on 24 October 2011, at: <http://www.sintef.no/uploadpages/218303/a8499.pdf>, p. 3.

gambling by commissioning a comprehensive review of Australia's gambling industry from the Productivity Commission.

Since the report was delivered in February 2010, the Rudd-Gillard Government has dithered on all recommendations other than those dealing with poker machines. The development of a government response was first referred to COAG in March 2008, but not progressed further until the negotiations surrounding the establishment of the Gillard minority government forced the issue back onto Labor's policy agenda.

The Productivity Commission looked at the economic, social, workforce, tourism, online and harm-related aspects of Australia's gambling industry. However, the Gillard Government has neglected the opportunity to work with industry and the states on a whole-of-industry (as opposed to 'pokies-only') strategy to tackle problem gambling that also recognises the legitimate right of adults to gamble responsibly.

4. The Coalition's Response to Problem Gambling

The Coalition prefers policies that effectively tackle problem gambling across all types of gambling.

In formulating policies on problem gambling, the Coalition seeks industry, community and interested party comment on a range of issues and approaches.

Establishment of a Working Group

The Coalition will establish a Working Group to progress broader consultation on a problem gambling policy.

The Working Group will be chaired by the Shadow Minister for Families, Housing and Human Services, the Hon Kevin Andrews MP and include the Hon Malcolm Turnbull MP (Shadow Minister for Communications and Broadband), Senator Marise Payne (Shadow Minister for COAG), the Hon Bob Baldwin MP (Shadow Minister for Tourism), Mr Steven Ciobo MP, Senator Chris Back, Mr Josh Frydenberg MP (Coalition members of the Joint Select Committee on Gambling Reform), and Mr Alan Tudge MP.

Release of a Discussion Paper on Problem Gambling Policy

The Discussion Paper attached is the Coalition's opening contribution to the Working Group process as we develop our policy response to the issue of problem gambling.

It is critical that policy to address problem gambling is well thought through, practical, will work and is done with the support of industry and state governments who remain largely responsible for gambling matters.

It is also important that our problem gambling response address all types of gambling, in particular, the fast growing area of internet, or online, gambling.

Contributing to the Working Group

The Coalition encourages industry, the community and interested parties to participate in the Working Group process.

The Working Group will consult extensively with stakeholders in coming months.

Written submissions are invited by 31 January 2012 and can be sent electronically to nick.demiris@aph.gov.au or by mail to:

Mr Nick Demiris (Gambling Review)
Office of the Hon Kevin Andrews MP
Level 1, 651-653 Doncaster Road
DONCASTER VIC 3108

Questions should be directed to Mr Demiris at the email address above or by phone on **(03) 9848 9900**.

Report

It is expected that the Working Group will report back to the Leader of the Opposition by the end of February 2012.

DISCUSSION PAPER: A NATIONAL RESPONSE TO PROBLEM GAMBLING

1. Commonwealth Policy

The question of whether better approaches to problem gambling should be Commonwealth Government mandated (where constitutionally possible), Commonwealth led, or left largely to the states is the first question that needs to be addressed.

One of the major flaws of the Gillard Government's mandatory pre-commitment proposal is that it was thrust onto the national agenda without adequate consultation with state and territory governments which have the primary jurisdictional responsibility for gambling as well as receipt of the revenue stream.

Some states and territories currently operate schemes to address the issue of problem gambling but the scope of these schemes differs from venue to venue. There is an argument that a state administered, but nationally consistent minimum standard of assistance and support for problem gamblers is an appropriate role for the Commonwealth.

It was a Coalition Government that first took on the issue of problem gambling at a national level when it established the first Ministerial Council on Gambling in 2000. It was responsible for developing and implementing the 2004-2008 *National Framework on Problem Gambling*. In 2008, the Ministerial Council on Gambling introduced a national '1800' problem gambling number under the auspices of the Council. The Council established a national online support service for problem gamblers and it was agreed that the Commonwealth, States and Territories would provide \$1.5 million over three years for this service. A Coalition Government also introduced the *Interactive Gambling Act* in 2001.

The Coalition's working group will work closely with state and territory governments as part of this discussion paper process to seek greater information about the various programmes that operate throughout the country to assist problem gamblers, how they are funded and whether there is an appropriate further policy role for the Commonwealth Government.

The Coalition seeks industry, community and interested party comment on:

- 1a. The appropriate role of the Commonwealth Government in tackling problem gambling.
- 1b. The effectiveness of problem gambling programmes that operate in the States and Territories.

2. A National Voluntary Pre-Commitment Programme

The Productivity Commission recommended that:

“...a partial pre-commitment system should allow players to set spending limits in all venues within a jurisdiction, and to see their transaction histories, but with enrolment in the system being voluntary, so that there would be no requirement that people have a card or identification device.”¹⁰

Many clubs and casinos already have voluntary pre-commitment schemes in place yet there is not a common national set of operational guidelines.

A national voluntary pre-commitment programme could be part of an effective response to problem gambling if adopted in concert with other measures, such as targeted counselling services and a nationally consistent self-exclusion scheme.

A national training requirement could be introduced for persons working in the gambling industry to educate a broad range of staff to identify problem gamblers, detect the warning signs of excessive gambling and provide ways to help address and prevent it.

The national training requirement would apply to all staff working in a gaming venue (not just those staff working on the gaming floor) and, in the case of large casinos, to all staff working on the gambling floor (not just dealers and machine attendants) and would be based on the successful *Responsible Service of Alcohol* model.

Nationally consistent gambling rules could be developed and each state could be responsible for managing schemes and programmes that comply with these national rules. Gambling largely remains a matter for the states and each state's system could be consistent with a national minimum standard.

The Coalition seeks industry, community and interested party comment on:

- 2a. The feasibility of a national voluntary pre-commitment programme, including whether such a programme will deliver practical benefits for problem gamblers.
- 2b. The costs of an effective national voluntary pre-commitment programme, including consideration of whether these should be met by the gambling industry or others.
- 2c. The speed with which a national voluntary pre-commitment programme could be rolled out consistent with preserving the viability of licensed premises and their other social responsibilities.
- 2d. The requirement that all gaming venues make available transaction histories to gamblers either on voluntary pre-commitment programmes or on a venue loyalty programme every six months and that transaction histories be made available to these types of gamblers at any time upon their request.

¹⁰ Productivity Commission (2010) *Gambling Inquiry*, Report No. 50, p. 55.

3. More Counselling and Support Services, and Better Research

The Coalition believes that more and better targeted counselling and support services should be made available for problem gamblers.

Every problem gambler is an individual. For this reason, the Coalition is inclined to think that the problem is best addressed by trying to help those individuals rather than by trying to change the world in which they are operating.

The Productivity Commission found that “the majority of problem gamblers satisfactorily manage their gambling following counselling/treatment.”¹¹

The Commission also found that self-help and brief treatment options “can be cost-effective ways of achieving self-recovery of people experiencing problems with gambling.”¹²

More and better targeted counselling can deliver real, meaningful and measurable outcomes for problem gamblers.

The Coalition is in favour of additional, better equipped and more effective counselling and support services for problem gamblers.

We also believe there is a need for more evidence based research into the screening and assessment of problem and pathological gamblers. Research should be properly reviewed and given oversight by an established and respected research body, such as the National Health and Medical Research Council.

The Coalition seeks industry, community and interested party comment on:

- 3a. The Commonwealth requiring all gaming venues to enter into agreements with a recognised counselling service that would provide patrons who require assistance (such as gamblers signed up under the voluntary pre-commitment scheme) with access to counselling on demand. Under these agreements, counselling service providers would also assist venue staff in recognising problem gambling behaviours and provide advice on how to deal with patrons displaying such behaviours.
- 3b. The desirability and feasibility of the Commonwealth facilitating a nationally consistent problem gambling screening test to be used by health professionals and counsellors.
- 3c. The Commonwealth developing a set of self-help and brief treatment options, for these options to be advertised in all gaming venues and for all gaming venues with loyalty programmes to bi-annually send their members information on these self-help and brief treatment options.

¹¹ Productivity Commission (2010) *Gambling Inquiry*, Report No. 50, p. 34.

¹² Productivity Commission (2010) *Gambling Inquiry*, Report No. 50, p. 49.

- 3d. The option of establishing a national fund to provide regular public information and consumer education campaigns to raise awareness of: responsible gaming practices, the risks of problem gambling, and the availability of problem gambling counselling and support services.
- 3e. The option of ensuring that Commonwealth, state and industry funding for gambling research be better directed into a national fund to enable research oversight by the National Health and Medical Research Council to ensure adequate peer review and best allocation of research resources.
- 3f. A review of existing problem gambler assistance programmes funded by state tax revenue and assessment of whether a national programme may produce better results for problem gamblers and better value for taxpayer money.

4. Nationally Consistent 'Self-Exclusion' Programmes

The Coalition is considering the introduction of state based, nationally consistent self-exclusion programmes that enable problem gamblers to restrict their access to gambling venues.

There are a number of successful programmes currently operating in some states and the intention would be to work with key stakeholders to develop a minimum operating standard for schemes to operate nationally in all licenced gambling venues.

Importantly, should access to 'Self-Exclusion' programmes be extended to third parties, such as immediate family members, subject to privacy considerations? The involvement of family members can be critical to the treatment and recovery of problem gamblers and to date, third parties have generally been excluded from involvement in these schemes.

The Coalition would also like to investigate whether there is something that can be done with the cooperation of financial institutions to restrict those on self-exclusion programmes from accessing cash from ATMs located at venues.

The Coalition seeks industry, community and interested party comment on:

- 4a. The effectiveness of existing self-exclusion programmes.
- 4b. Whether self-exclusion programmes should be extended to third parties, such as immediate family members.
- 4c. The feasibility of a nationally co-ordinated self-exclusion programme.
- 4d. Whether restricting access to cash facilities at gaming venues for those on self-exclusion programmes is feasible and likely to help problem gamblers.

5. The Online Gambling Environment

Australia currently regulates the provision of online gambling services. This regulation covers internet and mobile devices such as smart phones.

The laws that govern online gambling were enacted by the Howard Government in 2001 under the *Interactive Gambling Act*.

The Coalition does not support any relaxation of these laws.

However, there are ongoing community concerns that the laws are not adequately enforced and that Australians are able to access online casino style games and poker machine style games.

The risk for users of online gaming sites is that they are offshore (and therefore no guarantee of probity, return on funds won, authenticity), can be accessed by minors and problem gamblers with ease and do not operate within the checks and balances (such as counselling and self-exclusion) that are outlined in this paper. In addition, online gambling sites do not pay tax in Australia and invariably do not employ Australians, unlike the broader domestic gambling industry.

The Coalition is keen to receive input about how the current laws might be further strengthened to limit the risk of online gambling access to Australian consumers.

The Coalition seeks industry, community and interested party comment on:

- 5a. The effectiveness of current laws prohibiting online gambling.
- 5b. Whether current laws prohibiting online gambling should or can be strengthened.
- 5c. Whether any changes to laws prohibiting online gambling are likely to assist problem gamblers overcome their addiction.

6. Credit Facilities (including Online)

Australians have a right to gamble responsibly.

But when gambling, people should gamble within their means.

It is irresponsible for gaming venues, gaming facilities and online gambling providers to offer or provide credit in any form to gamblers.

While gamblers can't use a credit card on poker machines, online betting agencies are able to offer lines of credit worth tens of thousands of dollars to gamblers who may have no or limited ability to repay.

The Commonwealth could legislate to prohibit gaming venues, betting firms and agencies, and online gambling providers offering credit to customers.

We will not, however, prohibit bookmakers 'laying off' as this is often part of a bookmaker's professional business practice nor will we prohibit existing approved arrangements for VIPs in Australian casinos as established in State legislation/regulation.

The Coalition seeks industry, community and interested party comment on:

- 6a. The Commonwealth prohibiting betting firms offering credit in any form to gamblers.

7. Advertising of Gambling Products (including Wagering)

Gambling is a legitimate industry, but like cigarettes and alcohol, there should be fair and reasonable limits to the advertising of gambling. Unlike other powers in relation to gambling, the Commonwealth has responsibility for the communications including broadcast mediums such as television and the online environment.

The Coalition is concerned that the increasing popularity of sports betting has brought with it an increase in the promotion of live odds while a match is being broadcast. This may induce people with a gambling problem or those at risk to gamble. It also exposes minors to gambling products.

A problem with a blanket approach to addressing 'in the run' betting is that it could, for example, preclude the promotion of racing odds during a televised race day.

One way to approach this could be to prohibit the promotion of betting odds while there is actual play during a football or cricket match. This would mean that odds could be broadcast, for example, during a half-time or during lunch breaks but not broadcast while the game is in play. It would also ensure that legitimate companies would be able to promote their service in a way that is linked with the service they provide but not to the level that it risks enjoyment of the spectacle or provides an inducement to gamble.

The Coalition agrees with the Council of Australian Governments that thoroughbred, harness and greyhound racing should be exempt from these measures due to their fundamental link with wagering.

As it has been noted, the Coalition opposes any attempt to relax laws which prohibit online gambling in Australia. We do not propose any change to the current wagering exemption.

The Coalition seeks industry, community and interested party comment on:

- 7a. The Commonwealth prohibiting the promotion of live odds during the broadcast of a sports event while that event is in play.
- 7b. The Commonwealth maintaining the restrictions on online gambling under the *Interactive Gambling Act (2001)*.

The Coalition seeks industry, community and interested party comment on:

- 7c. The Commonwealth investigating means to better enforce Australia's prohibition against online gambling, particularly the capacity of lawmakers to cooperate with financial institutions.