

TREASURY EXECUTIVE MINUTE

Minute No.

12 October 2010

Assistant Treasurer and Minister for Financial Services and Superannuation

cc: Deputy Prime Minister and Treasurer, Parliamentary Secretary to the Treasurer

COMMONWEALTH-STATE SELECT COUNCIL ON GAMBLING ('SELECT COUNCIL') – DRAFT AGENDA AND PAPERS

Timing: Your approval is required by COB Wednesday (13 October) so that papers can be distributed to State and Territory Governments.

Recommendation/Issue:

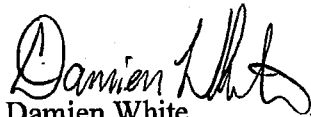
- That you approve the draft agenda and discussion papers for the inaugural meeting of the Select Council on 22 October 2010.

Approve/Not approve

Signature:/...../2010

KEY POINTS

- In its preliminary response to the Productivity Commission's Report into Gambling on 23 June 2010, the Government agreed to a range of reforms to address problem gambling. The Government also established a Commonwealth-State Select Council on Gambling to progress a national response to minimise the harm caused by problem gambling.
- As the secretariat for the Select Council, the Department of Families, Housing, Community Services and Indigenous Affairs (FHCSIA) has drafted the agenda and meeting papers (see **Attachment A**) for your and Minister Macklin's joint approval.
 - The draft papers have been provided concurrently to Minister Macklin for her approval. Your office may wish to discuss with Minister Macklin their comments on the draft papers before approving the papers for distribution to State and Territory governments.
- Treasury has been consulted and has provided input on the draft papers.
- A Senior Officials Working Group has also been convened, with participation from departmental officials from the Commonwealth and State and Territory governments, to support the Select Council. The Working Group is scheduled to meet on 15 October 2010.


Damien White
Principal Adviser
Social Policy Division

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ATTACHMENT A**COAG SELECT COUNCIL ON GAMBLING REFORM**

**22 October 2010
2:00pm – 5.00pm (AEDST)
AGENDA**

MEETING VENUE: *Thornbury Boardroom,
Stamford Plaza Hotel
111 Little Collins Street
MELBOURNE VIC*

SESSION 1: GENERAL BUSINESS		
2.00pm	1.1 Welcome and introductions 1.2 Apologies	Chair/Co-Chair
SESSION 2: OBJECTIVES OF THE GROUP		
	2.1 Terms of Reference, frequency of meetings and timelines 2.2 Transition of Ministerial Council on Gambling (MCG)	Chair/Co-Chair
SESSION 3: Problem gambling reform		
	3.1 Background and Governance arrangements	Chair/Co-Chair
SESSION 4: KEY POLICY and IMPLEMENTATION ISSUES		
	4.1 Pre-commitment 4.2 Dynamic warning and cost of play displays 4.3 ATM withdrawal limits	Chair/Co-Chair

3.45pm to 4.00pm: AFTERNOON TEA		
SESSION 5: RESEARCH AGENDA		
	5.1 Research agenda	Chair/Co-Chair
SESSION 6: OTHER BUSINESS		
	6.1 Other business - Meeting Communiqué 6.2 Next meeting date and location	Chair/Co-Chair
5.00pm	MEETING CLOSE	

COAG Select Council on Gambling Reform

AGENDA PAPER: ITEM 2.1 – TERMS OF REFERENCE

Purpose of the Paper

The purpose of this paper is to seek agreement by Ministers on the Terms of Reference and governance arrangements for the Select Council on Gambling Reform.

This paper also seeks agreement on the timeframe for finalising the work of the Select Council.

Background

- The Prime Minister wrote to First Ministers on 8 July 2010 advising that in response to the Hawke Review on Ministerial Councils, COAG gave in-principle agreement to the rationalisation of Ministerial Councils and agreed to the establishment of time-limited Select Councils when it requires advice on particular matters.
- The Prime Minister also advised of the establishment of the new high-level COAG Select Council on Gambling Reform (Select Council) to develop a national response to recommendations of the Productivity Commission Report on Gambling by mid 2011.
- The Select Council will be co-Chaired by the Minister for Families, Housing, Community Services and Indigenous Affairs, the Hon Jenny Macklin MP, and the Assistant Treasurer, the Hon Bill Shorten MP.
- Membership of the Select Council includes State and Territory Government Ministers with responsibility for gambling regulation and community and human services matters.
- Given the increased scope of the work, the Commonwealth proposes that the final reporting date on the PC Report be extended from mid 2011 to October 2011.

(S47B)




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**COAG SELECT COUNCIL ON GAMBLING REFORM
TERMS OF REFERENCE AND GOVERNANCE**

Co-Chairs	Minister for Families, Housing, Community Services and Indigenous Affairs, the Hon Jenny Macklin MP, and Assistant Treasurer, the Hon Bill Shorten MP.
Membership	Australian, State and Territory Government Treasurers and/or Ministers with responsibility for gambling regulation and community and human services portfolios (with the exception of Western Australia). Up to two representatives from each jurisdiction. Each member will represent the interests of the relevant portfolios for their respective jurisdictions. At its first meeting, the Council will decide whether any other parties should be members or consulted, or attend as observers. Representation from local government may be considered. Additional expertise will be sourced as required.
Purpose	The Select Council on Gambling Reform has been established to develop a consistent national approach to addressing problem gambling.
Terms of Reference	(S47B) 
Operations and Resourcing	The Council will be supported by a Senior Officials Meeting with up to three members from each jurisdiction. The Council may establish working groups of officials to undertake specific tasks. Secretariat support will be provided by the Department of Families, Housing Community Services, and Indigenous Affairs.
Decision-Making	Decision-making will be by consensus.
Frequency of meetings	Meetings will be held at least three times per year. It is anticipated the Council will meet in October 2010, January 2011 and April 2011.
Reporting	The Council will provide progress reports to COAG Senior Officials [through the Ministerial Council Secretariat CEO in Department of the Prime Minister and Cabinet] as per the key milestones in its project plan and at least biannually. The Council will provide a final report to COAG by a date yet to be negotiated.

COAG SELECT COUNCIL ON GAMBLING REFORM: MEMBERSHIP

COMMONWEALTH (Co-Chairs)	<p>The Hon Jenny Macklin, MP, Minister for Families, Housing, Community Services and Indigenous Affairs</p> <p>The Hon Bill Shorten, MP, Assistant Treasurer</p>
NSW	TBA
VIC	<p>The Hon John Lenders, MP, Minister for Gaming, Minister for Consumer Affairs and Minister Assisting the Premier on Veterans' Affairs</p> <p>The Hon Tony Robinson, MP, Minister for Gaming</p>
QLD	TBA
SA	<p>The Hon Tom Koutsantonis, MP, Minister for Gambling</p> <p>The Hon Jennifer Rankine, MP, Minister for Families and Communities</p>
TAS	<p>The Hon Michael Aird, MLC, Treasurer, Minister for Racing</p> <p>The Hon Cassy O'Connor, MP, Secretary to Cabinet, Minister for Arts, Animal Welfare, Environment, Parks and Heritage</p>
NT	<p>The Hon Delia Lawrie MLA, Minister for Justice</p> <p>The Hon Konstantine Vatskalis MLA, Minister for Children and Families</p>
ACT	<p>The Hon Andrew Barr MLA, Minister for Gaming and Racing</p> <p>The Hon Joy Burch MLA, Minister for Disability, Housing and Community Services</p>

Select Council on Gambling Reform Meeting #01
22 October 2010
Melbourne

COAG Select Council on Gambling Reform

AGENDA PAPER: ITEM 2.2 - TRANSITION OF MINISTERIAL COUNCIL ON GAMBLING (MCG)

Purpose of the Paper

- The purpose of this paper is to inform the discussion of the COAG Select Council on Gambling Reform on the status of the Ministerial Council on Gambling (MCG) and provide advice on ongoing work undertaken by the Council.

Background

- The Ministerial Council on Gambling (MCG) was established in 2000 and last met on 10 July 2009.
- The MCG was chaired by the Minister for Families, Housing, Community Services and Indigenous Affairs and consisted of State and Territory Government Ministers responsible for gambling regulation.
- At the July 2009 MCG meeting, Ministers agreed to a three-year work-plan to address problem gambling.
- Five MCG working groups were tasked with implementing the work-plan and reporting to Ministers at the next meeting of the MCG.
- The groups were:
 - **Early Intervention and Prevention** working group, chaired by the Commonwealth
 - **Interactive gambling** working group, chaired by the Commonwealth
 - **Access to cash and pre-commitment** working group, chaired by Queensland;
 - **Electronic gaming machines and consumer protection** working group, chaired by Queensland; and
 - **Responsible Gambling Environments** working group, chaired by the ACT.
- The Prime Minister wrote to First Ministers on 8 July 2010 advising that in response to the Hawke Review on Ministerial Councils, COAG gave in-principle agreement to the rationalisation of Ministerial Councils and agreed to the establishment of time-limited Select Councils when it requires advice on particular matters.
- The Prime Minister also advised of the establishment of the new high-level COAG Select Council on Gambling Reform (Select Council) to develop a national response to recommendations of the Productivity Commission report. The Select Council will be time-limited and subject-specific.
- The Select Council will be co-Chaired by the Minister for Families, Housing, Community Services and Indigenous Affairs, the Hon Jenny Macklin MP, and the Assistant Treasurer, the Hon Bill Shorten.

- Membership of the Select Council includes State and Territory Government Ministers with responsibility for gambling regulation, and community and human services matters.
- It is envisaged that the work done by the MCG working groups will feed into the work of the Council of Australian Governments (COAG) Select Council on Gambling Reform.
- The existing Ministerial Council on Gambling will formally cease by March 2011, in line with the new COAG arrangement.

(S47B)



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MCG ONGOING ACTIVITIES

Gambling Research Australia (GRA)

At the Ministerial Council on Gambling (MCG) meeting held on 21 April 2001, it was agreed a working group would be formed to develop a national gambling research program. Representatives from all Australian jurisdictions form the working group, which is now known as known as Gambling Research Australia (GRA).

GRA is comprised of Departmental Officers of member jurisdictions of the Ministerial Council on Gambling, including a representative from the Community and Disability Services Ministers Advisory Council Gambling Working Party.

An agreement in the form of a National Memorandum of Understanding between all the jurisdictions, including the Commonwealth, is in place until June 2014.

All jurisdictions provide funding to Gambling Research Australia.

The Productivity Commission Report has recommended:

“In order to place gambling research on a sound footing nationally, that Gambling Research Australia should be replaced with a national centre for gambling policy research and evaluation which should initially be funded by the Australian Government” (Recommendation 18.3).

It is expected that the future of GRA will be discussed at a later meeting of the Select Council on Gambling Reform.

Other MCG initiatives include:

National Snapshot of Harm Minimisation Strategies in Australia

The *National Snapshot of Harm Minimisation Strategies in Australia* contains information, on a state-by-state basis, of measures to protect people from the dangers of gambling, current at 30 April 2010.

The information is provided by MCG Officials from all jurisdictions, and is published on the website of the Department of Families, Housing, Community Services and Indigenous Affairs.

It is proposed that this activity continue through the Select Council.

The information is currently updated every six months.

National 1800 problem gambling helpline

The 1800 problem gambling helpline was developed under the auspices of the MCG.

Victoria organised and paid for the purchase of a new "high-recall" 1800 number and the Victorian Department of Justice manages the national number.

Jurisdictions are billed based on the number of calls originating in their state. As States and Territory Governments are responsible for gambling treatment services, the Commonwealth does not contribute to the cost.

It is proposed that this activity continue under the auspices of the Select Council.

National Gambling Help Online website

At the Ministerial Council on Gambling Meeting in July 2008, Ministers agreed to create a national website to provide 24-hour, seven-days-a-week counselling for problem gamblers and assessment and referral interventions.

The Commonwealth is funding the evaluation of the service and has worked closely with Victoria to develop an evaluation framework. The final evaluation report is due in January 2011.

A decision about the future of the website will be made after the evaluation report is received.

Select Council on Gambling Reform Meeting #01
22 October 2010
Melbourne

COAG Select Council on Gambling Reform

AGENDA PAPER: ITEM 3.1 – BACKGROUND AND GOVERNANCE ARRANGEMENTS

Purpose of the Paper

To provide an outline of the governance arrangements to address problem gambling reform.

Background

- In July 2009, the Council of Australian Governments (COAG) called on the Productivity Commission to update its 1999 Inquiry with a particular focus on assessing the effectiveness of these harm minimisation measures in addressing problem gambling.
- An initial Australian Government response to the Productivity Commission report was released on 23 June 2010. In this response, the Government signalled its support for the use of pre-commitment technology to tackle problem gambling and its commitment to working with states and territories, and industry, in implementing this technology.
- In July 2010, the Prime Minister, the Hon Julia Gillard MP, wrote to First Ministers seeking their agreement on the establishment of a new Select Council on Gambling Reform.
- In addition to the COAG Select Council on Gambling Reform the Commonwealth will have reference to a number of bodies including the Joint Parliamentary Select Committee on Gambling Reform and the Ministerial Expert Advisory Group.
- The *Parliamentary Joint Select Committee on Gambling Reform* has been established to inquire into and report on a national response to the full set of PC recommendations, legal advice commissioned and received by the Commonwealth, any gambling related legislation that has been tabled in either House, and such other matters relating to gambling referred by either House. The Committee may report from time to time but its final report must be presented by 30 June 2013.
- The *Ministerial Expert Advisory Group* will provide high level advice and technical expertise on issues related to problem gambling and harm minimisation, to help inform the Commonwealth's position on gambling reform.

(S47C)



Issues

- The Australian Government released the Productivity Commission's final report on Gambling on 23 June 2010. The comprehensive report addressed a broad range of issues, including

electronic gaming machines, the wagering and racing industries, online and sports betting. The report contained 48 recommendations and focused largely on the harm caused by problem gambling on electronic gaming machines (EGMs). In its response to the report, the Commonwealth committed to working with states and territories in implementing the recommendations. (S47C)

(S47C)

Recommendation(s)

That Select Council members note:

1. the information contained in this paper.

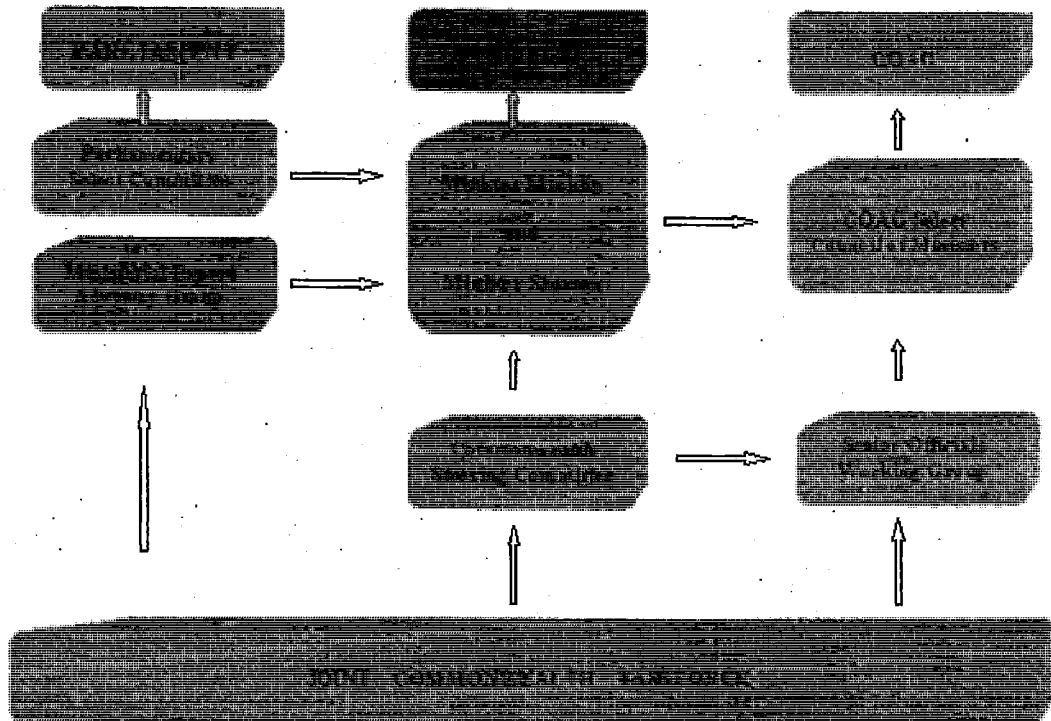
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PROBLEM GAMBLING REFORM GOVERNANCE ARRANGEMENTS



COAG Select Council on Gambling Reform

AGENDA PAPER: ITEM 4.1 – PRE-COMMITMENT SYSTEM

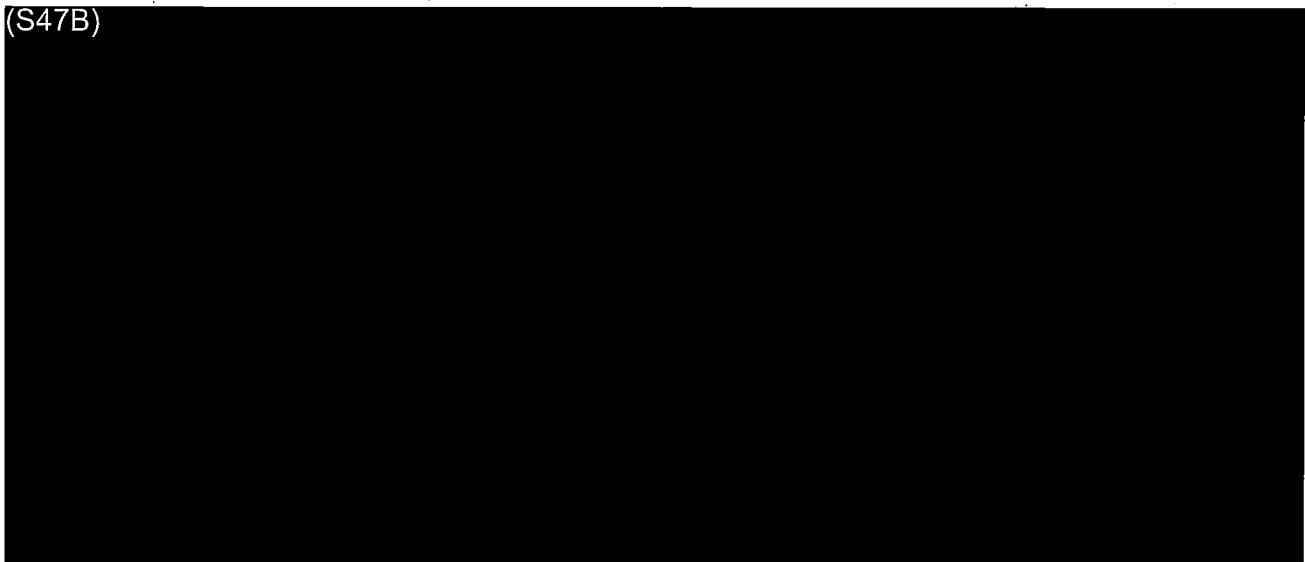
(S47B)



Background

- Research has shown that Electronic Gaming Machines (EGMs) are the primary cause of problem gambling in Australia (Productivity Commission, 2010). The Productivity Commission estimates that around 15 per cent of regular EGM players are problem gamblers and they account for 40 per cent of losses on EGMs, or around \$4.4 billion a year in losses.
- The Productivity Commission argues that the most targeted and potentially effective measure to address problem gambling is to give people the capacity to control their own gambling behaviour. In light of this, the Productivity Commission recommends an opt-out pre-commitment system for EGMs as the most effective way to address problem gambling
- Pre-commitment, in terms of this paper, refers to measures that allow gamblers to take control of their own gambling through determining restrictions on their playing. This includes the ability to pre-select the amount of time and/or money that a player will expend in a session, or over a longer course of time (that is, day, month or week).
- An opt-out pre-commitment system is a mandatory system offered to all players at the beginning of play, however players may decide not to set limits – that is, opt-out.
- Considerable work on pre-commitment has already been undertaken in some Australian jurisdictions. For example, Queensland and South Australia have trialled voluntary pre-commitment systems, while Victoria has legislated for a staged introduction of pre-commitment by 2015. Further information on this is included at **Attachment A**.

(S47B)



(S47B)



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PRE-COMMITMENT

Why pre-commitment?

Gambling is an enjoyable pursuit for many Australians, with most Australians participating in at least one form of gambling each year. Gambling venues are often seen to be friendly, secure and accessible by people in the community. Using 2008-09 data, the Productivity Commission found there were clear net benefits (of between \$1.7 billion and \$11.1 billion) from gambling generally.

The Productivity Commission estimates, however, there are between 80,000 and 160,000 Australian adults suffering severe problems from their gambling and between 230,000 and 350,000 people at moderate risk of becoming problem gamblers. The Productivity Commission estimates that problem gambling costs the Australian community at least \$4.7 billion per year through crime, relationship breakdown, depression, lost productivity, suicide and the costs of gambling counselling services.

Consistent with previous research, the Productivity Commission confirms that EGMs are the primary cause of problem gambling in Australia. There are around 200,000 EGMs in Australia and in 2008-09 Australians lost almost \$12 billion on them. This accounts for around 62 per cent of losses on all gambling products.

The Productivity Commission estimates that around 15 per cent of regular EGM players are problem gamblers and they account for 40 per cent of losses on EGMs.

The introduction of a full, uniform pre-commitment system is one of the best ways to address the harms caused by EGMs and to empower all gamblers in making decisions about how much they would like to spend or can afford to lose.

What is pre-commitment?

Pre-commitment, in terms of this paper, refers to a system which allows gamblers to take control of their own gambling through determining restrictions on their play. This includes the ability to pre-select the amount of time and/or money that a player will expend in a session, or over a longer course of time (i.e. day, month, week).

Pre-commitment is a useful tool for all gamblers (including problem gamblers, those at risk and recreational gamblers) to use in making informed decisions about their gambling expenditure and time before they start play.

Types of pre-commitment

The Productivity Commission examined both full pre-commitment and partial pre-commitment initiatives.

The model usually proposed for partial pre-commitment involves:

- the voluntary uptake of an identifying device, typically a loyalty card, with gaming machines fully operational for players who are not enrolled;
- player-determined spending and time limits, reminders and transaction records;

- an audible and/or visual warning when a limit is reached and a short break in play. Since the player could move to another machine and play unhindered, any consequence for breaching a limit must necessarily be small.

While not meeting the requirements for a full pre-commitment system, the capacity to set limits on a single machine might have some value for consumers, as it may prompt them to reflect on whether they are really in control, to change their playing style, or to stop for a break or altogether. However, it would have several apparent deficiencies:

- even if the single machine stops or pauses for a period, it would be easy for the player to move to a nearby machine and continue gambling; and
- it would take some time for a gambler to select limits on each machine manually.

Given that it is customary for gamblers to play on many machines in a venue, this would represent a significant amount of time actually spent engaging in electronic 'form-filling', instead of enjoyably playing the games. If setting limits were voluntary, then it would be likely that manual limit setting would discourage people from setting limits at all.

In contrast, full pre-commitment focuses on limiting 'leakage'. The essential element of such a system is the capacity for gamblers to set a spending limit that, when exceeded, no longer enabled them to play (or to play only at a significantly reduced level). This is consistent with consumer sovereignty, since each gambler has a choice about their own appropriate limits. Gamblers' privacy would be ensured with no one permitted to 'track' their play without their consent. In other words, the Commission's model of pre-commitment ensures that the gambler is in charge.

Prima facie, a 'full' pre-commitment system that was binding would be more effective.

The very concept of pre-commitment is that it is a contract that parties cannot breach without significant consequences. This feature gives relief to a party who is concerned about their future capacity for control. For instance, such a system could allow players to set a limit and when they reached that limit, further play would be prevented, regardless of the machine or venue.

Pre-commitment in Australia

Considerable work on pre-commitment has already been undertaken in some Australian jurisdictions. The Ministerial Council on Gambling (MCG) Access to Cash and Pre-commitment Working Group has also undertaken work on pre-commitment principles. Details of this work are set out below.

Queensland

Queensland has undertaken three trials of pre-commitment card-based cashless gaming technology to examine player attitude to pre-commitment as a control strategy. The first trial was conducted in 2005, the second in 2008 and the third in 2008-09.

The Queensland Government has recently approved the use of two card-based cashless gaming systems (SIMPLAY and eBet systems) which are operated by the two monitoring licensees, Maxgaming and Odyssey respectively.

Uptake of the systems has been positive, with over 40 gaming venues operational with these pre-commitment systems and almost 10 per cent of all gaming machine players in those venues taking up the facility.

South Australia

South Australia has undertaken three trials of pre-commitment. These trials include two technology-based player tracking and pre-commitment trials (WorldSmart and Global Gaming Industries) and one non-technology based pre-commitment trial (ChangeTracker Card).

The first trial was conducted in 2008/09, the second in 2009 and the third in 2010 (which is still to be completed).

Findings from the WorldSmart trial indicate that there was low take-up of the system (less than one per cent); ability to set expenditure limits was seen as the core benefit of pre-commitment; and at risk and problem gamblers were more likely to report a change in behaviour than other gamblers.

From May 2010, loyalty programs in South Australian gaming venues have been required to provide players with pre-commitment tools.

Victoria

In 2008, the Victorian Government announced that pre-commitment mechanisms would be mandated for all 'next generation' gaming machines to enable the gambler to choose to set time and loss limits prior to commencing play. These changes would be implemented over three phases:

- pre-commitment to be required on all next generation machines from 1 December 2010;
- pre-commitment required on all machines from 2013; and
- a more stringent pre-commitment regime being rolled out from 1 December 2015, with pre-commitment being mandatory for all EGMs and voluntary for players to use by 2015-16.

MCG Access to Cash and Pre-commitment Working Group

In July 2009, MCG Ministers agreed that all jurisdictions would develop a high-level set of policy standards to which pre-commitment systems, if adopted, should conform.

(S47B)



(S47B)

What does the Productivity Commission recommend?

According to the Productivity Commission, a full pre-commitment system has two fundamental elements: it is mandatorily offered to all players (but limit-setting is voluntary); and once a limit is set it is binding on the player for a pre-determined period. However, to minimise impact on casual and recreational gamblers, the Productivity Commission also recommends that pre-commitment system allow occasional gamblers to stake small amounts outside the system. This would be through a 'safe-play' mode of low intensity defaults when no card is inserted or stand-alone machines that play in this mode.

The Productivity Commission argues that pre-commitment is a strong, practical and ultimately cost-effective option for harm minimisation. It overcomes some of the existing deficits in achieving self-control for problem gamblers and for genuine informed consent by many other consumers.

To be effective in binding players to their commitment, a pre-commitment system must also limit players' migration to other machines, whether in the same venue, another venue, or another state. Ultimately, the most effective pre-commitment system would be one which is Australia wide.

As such, the Productivity Commission recommends an opt-out pre-commitment system for EGMs as the most effective way to address problem gambling.

The Productivity Commission Recommendations 10.4, 10.5, 10.6, 19.1 and 19.2 all relate to the implementation of pre-commitment. Full details of each of these recommendations can be found at **Attachment B**.

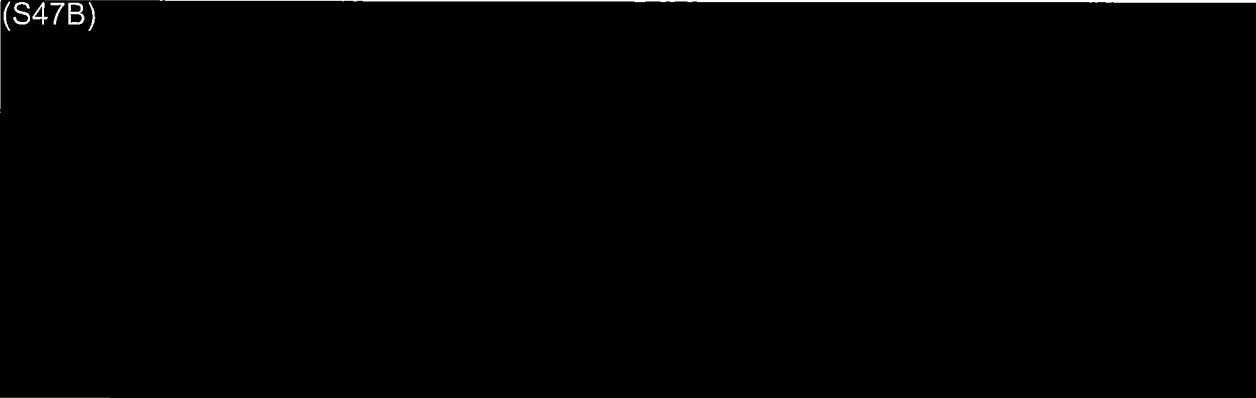
Timeline for Pre-commitment

On 2 September 2010, the Prime Minister, the Hon Julia Gillard MP, entered into an agreement with the Member for Denison, Mr Andrew Wilkie MP, to implement a number of key reforms to address problem gambling.

Under the agreement, the Commonwealth Government has committed to working cooperatively with state and territory governments to begin implementation by 2012 of a nationally uniform full pre-commitment system for EGMs with full implementation by 2014.

The system proposed in the agreement with the Member for Denison is largely consistent with the Productivity Commission recommendations; however, the timeline for implementation has been accelerated by two years.

(S47B)



(S47B)



Technology and pre-commitment

In implementing a full, uniform pre-commitment system, there are three main considerations that need to be taken into account:

- capacity of the existing infrastructure in each jurisdiction to deliver pre-commitment;
- capacity of the existing stock of EGMs to deliver pre-commitment; and
- privacy concerns.

Monitoring systems and EGM capacity

The Productivity Commission highlighted that a key obstacle to implementing pre-commitment is the capabilities of the current stock of EGMs and the central monitoring systems.

There are currently at least seven different protocols in use throughout Australia (Qcom, Tatts VLC, Tabcorp BLC, VLC(E2), Xseries, SAS and at least two types of ASP). The capacity of these Central Monitoring Systems (CMS) to deliver pre-commitment varies (for example, the Productivity Commission argue that Queensland could readily implement a pre-commitment system along the lines of that recommended, however NSW would not be capable of doing so without significant upgrades).

Venues typically have a mix of machines of different ages, manufacturers, game parameters and upgrade capacity. In a submission to the Productivity Commission, gaming machine manufacturers argued that only half of the current 200,000 existing gaming machines could, with a minor upgrade, be able to deliver pre-commitment. The remaining 100,000 would require more substantial retro-fitting or need to be replaced. Most of those that would need to be replaced would be in smaller clubs or hotels which have a lower turnover of gaming machines and older models.

It is recognised that the implementation of pre-commitment and associated machine and monitoring changes will entail a cost to the gaming industry (particularly for smaller venues with older machines). However, once the system changes have been put in place, the rollout of new games, as well as future policy settings, will be far cheaper. Industry will also benefit significantly from more consistency in EGM standards, which currently differ in every state.

Privacy

Some of the submissions to the Productivity Commission Inquiry highlighted the risk to privacy of collecting data on individual's playing behaviour. Industry has also raised concerns that individuals will elect not to play EGMs because of privacy concerns. In the Nova Scotia pre-commitment trial, concerns about privacy was the main reason given for not getting a card and for people borrowing others cards to play EGMs.

The Productivity Commission argue that any pre-commitment system must contain strict privacy arrangements for data collection and that any data collected should only be that necessary for keeping a confidential record of spending (or time) to allow binding limits and to provide player statements to gamblers. Arrangements should be put in place to ensure, that unless consent is provided, information identifying individuals should not be available to regulators, venues or other parties.

Jurisdictional versus national system of pre-commitment

There are relative costs and benefits of a jurisdiction-based pre-commitment system versus a national system. The Productivity Commission recommends a jurisdictionally based system. This, however, leaves open the possibility of some gamblers being able to circumvent the system in towns and cities on borders. This could also lead to perverse outcomes such as clubs establishing 'sister' venues close to borders.

(S47B)



Productivity Commission Recommendations relating to Pre-commitment

Recommendation 10.4:

'Each state and territory government should implement a jurisdictionally-based full pre-commitment system for gaming machines by 2016, subject to initial development (recommendation 19.1), trialling (recommendation 19.2) and compatible monitoring systems (recommendation 10.6). This system should:

- *provide a means by which players could voluntarily set personally-defined pre-commitments and, at a minimum, a spending limit, without subsequently being able to revoke these in the set period*
- *allow players to see their transaction history*
- *encourage gamblers to play within safe spending and time limits, by specifying default limits*
- *include the option for gamblers to set no limit on their spending as one of the system options, but with periodic checking that this remains their preference*
- *allow occasional gamblers to stake small amounts outside the system*
- *include measures to avoid identity fraud*
- *ensure players' privacy*
- *be simple for gamblers to understand and use*
- *present few obstacles to future innovation in the presentation and design of the system*
- *apply to all gaming machines in all venues in a jurisdiction, with an exemption until 2018 for venues with less than ten machines that also face significant implementation cost relative to revenue.'*

Recommendation 10.5:

'In advance of implementation of a full pre-commitment, states and territory governments should implement a partial pre-commitment system by 201, where they have compatible gaming machine monitoring systems and associated gaming machines, or other low cost ways of delivering such pre-commitment.

Such 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 requirements that people have a card or identification device*
- *strict protection of players' privacy*
- *no requirement for those who are enrolled to set limits*
- *only those who are enrolled in the system able to earn loyalty points*
- *those who are enrolled able to revoke any limits by playing without a player card or other player identification device*
- *machine-based warnings when limits are reached (and a temporary incapacity to cash in, or earn further, loyalty bonuses)*
- *an exemption for venues with less than ten machines that also face significant implementation costs relative to revenue.*

The system should be:

- *compatible with the future introduction of full pre-commitment*
- *evaluated in real-time and base line data collected to assess its impacts.'*

Recommendation 10.6:

'By 2016, all jurisdictions should have central monitoring or other systems that can deliver full pre-commitment to all venues and can make remote changes to all gaming machines.'

Recommendation 19.1:

'All governments should commence work as soon as possible to specify the design features, common standards and protocols for gaming machines and central monitoring systems that would:

- a) support a future pre-commitment system including the exact design of a prototype to be trialled*
- b) allow governments to quickly and remotely set and change bet limits, cash inputs, player information displays, dynamic warnings, pre-commitment options and other key machine parameters for all EGMs in a jurisdiction*
- c) permit machine manufacturers to sell machines during the transition period that would be compliant with (a) and (b) when these features were 'switched on'*
- d) not hinder competition between rival providers of games, loyalty schemes and monitoring services.*

Recommendation 19.2:

'The Australian Government should enter into negotiations with a state or territory government to sponsor a full-scale regional trial or trials of a full-pre-commitment regime, with trialling to commence by 2013.

Trialling should:

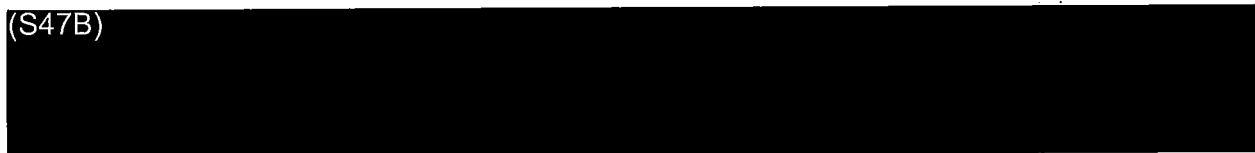
- test the design features of full pre-commitment for possible modification*
- substantiate that full pre-commitment has sufficient advantages over partial –re-commitment to justify proceeding with its implementation in all jurisdictions.'*

COAG Select Council on Gambling Reform

AGENDA PAPER: ITEM 4.2 – DYNAMIC WARNING AND COST OF PLAY DISPLAYS

Purpose of the Paper

(S47B)



The introduction of dynamic warning and cost of play display was recommended by the Productivity Commission in its *2010 Inquiry Report into Gambling*.

Background

(S47C)



- The Ministerial Council on Gambling (MCG), through the EGM Standards Consumer Protection Measures Working Group considered the implementation of messaging features on EGM machines as a potential harm minimisation strategy.
- A discussion paper on dynamic warning and cost of play display is at **Attachment A**.
- The Productivity Commission recommendations that relate to dynamic warning and cost of play display are at **Attachment B**.
- A modified version of the recommended Productivity Commission EGM regulatory arrangement timeline is at **Attachment C**.

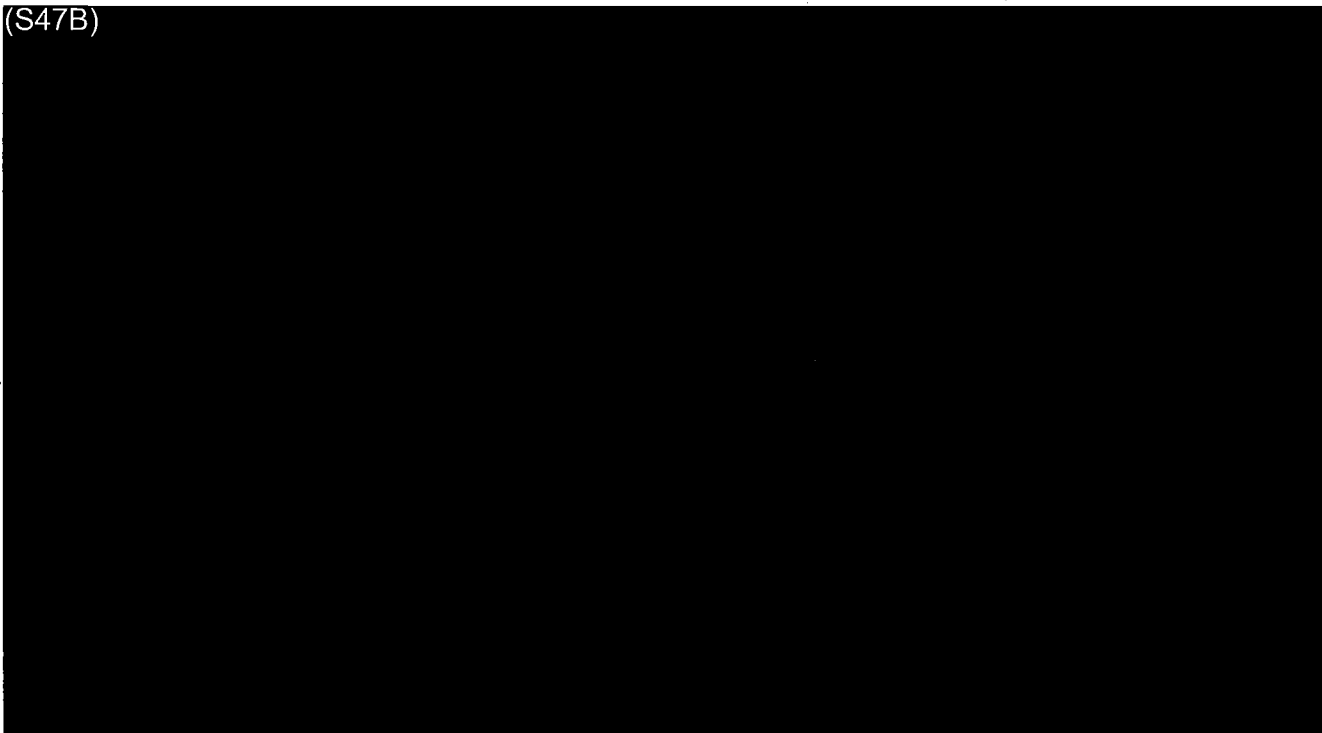
Issues

- All jurisdictions require venues to display gambling warnings. The effectiveness of these static messages in minimising harm is uncertain. The Productivity Commission uses evidence from recent research to suggest EGM players are more likely to respond to 'dynamic' warning messages.
- Dynamic warnings are periodic displays of information programmed to appear on an EGM screen during a session.
- The Productivity Commission recommends that by 2012 all new EGMs should have the capability for dynamic warnings; by 2014 dynamic warnings should be activated in all machines with the feature and by 2016 dynamic warnings be mandatory for all EGMs.

¹ Productivity Commission (2010) Gambling, Report No. 50, Canberra

- In submissions to the Productivity Commission, dynamic messaging was the preferred harm minimisation measure for gaming machine manufacturers over one dollar bet limits and pre-commitment.
- The Productivity Commission recommends that by 2011 all new gaming machines electronically display the cost of play display based upon an individual's style of play, and show the percentage cost of play display. It also recommends that by 2016 all gaming machines should be required to have this feature, with an exemption until 2018 for venues with less than 10 machines. The cost of play display as suggested by the Productivity Commission could be a percentage cost, calculated as 100 minus the return to player (RTP). Note: the RTP differs between jurisdictions and venue types with the minimum return to player ranging from 85 per cent (in Tasmania, New South Wales and the Northern Territory) to 92 per cent (in some Queensland clubs and hotels).
- The capability of EGMs to implement these changes varies across jurisdictions. The Productivity Commission recommends warnings be delivered via a remotely adjustable central monitoring system (CMS). Queensland EGMs are connected to the Qcom CMS. New South Wales currently does not have a two-way monitoring system capable of making changes remotely to EGMs.

(S47B)



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DYNAMIC WARNING AND COST OF PLAY DISPLAYS AS A PROBLEM GAMBLING HARM MINIMISATION STRATEGY

Productivity Commission Inquiry Report into Gambling 2010

In 2008, the Australian Government asked the Productivity Commission (PC) to undertake a public inquiry into gambling. The report was tabled in both Houses of Parliament on 23 June 2010.

The PC estimates that problem gambling costs the Australian community at least \$4.7 billion per year through crime, relationship breakdown, depression, lost productivity, suicide and the costs of gambling counselling services. Some significant findings from the report on problem gambling include:

- between 80,000 and 160,000 Australian adults are estimated to be suffering severe problems from their gambling and between 230,000 and 350,000 people at moderate risk of becoming problem gamblers; and
- fifteen per cent of regular electronic gaming machine (EGM) players are problem gamblers. This group is estimated to make up 40 per cent of the total EGM spending.

The PC developed 48 policy recommendations which aim to improve overall community wellbeing.

This paper will focus on the recommendations which relate to dynamic warning and cost of play display recommendations: 8.2, 8.3 and 19.1(b). More detail on these recommendations is at **Attachment B**. The PC's proposed timeline for implementation is at **Attachment C**.

Evidence supporting the implementation of dynamic warning displays

Research has shown that messages delivered through gaming machine screens, known as dynamic warnings, have a higher recall than static warnings. Research has shown that warning messages can be an effective way to change people's gambling behaviour.

All jurisdictions currently require venues to display warnings. These often take the form of posters, information pamphlets and warning messages that are fixed to EGM. These are referred to as static warnings.

Research has revealed the ineffectiveness of static warnings as a responsible gambling strategy (Focal Research, 2004; Hing, 2003). Jardin (2009) suggests the failure of warnings to impact behavioural change is because they are presented prior to game play rather than in situ. Message fatigue was presented as a factor in a study by AC Nielson (2006).

Evidence suggests dynamic warnings are more effective than static warnings in reaching EGM players. Dynamic warning messages are periodic information messages displayed on an EGM screen.

The message can be utilised as a gambling harm minimisation strategy as it:

- creates a break in play,
 - cannot be readily avoided by the player,
 - allows the player to reflect upon the content of the message, and
 - results in a higher recall than static warnings.
- In May 2001, the Nova Scotia Gaming Corporation commenced introducing new video lottery terminals with responsible gaming features (RGFs) across selected sites in Nova Scotia. One of

several RGFs was a pop-up message of time spent playing, occurring at several intervals in a playing session. Key findings from exposure to the 60-minute pop-up reminder include:

- a reduction in session length;
- a decrease in expenditure among higher risk players; and
- awareness of the pop-up message compared to the other RGFs was lowest among the No Risk Player group.

To date, there is no study that solely examines the effectiveness of dynamic messages conducted in an actual gambling environment with real life participants. Instead, studies have been held in laboratory type settings. Research that examines dynamic warning includes the following.

- A study by Steenbergh et al (2004) into the effect of dynamic warning messages upon the behaviour of roulette gamblers, which revealed that warnings hold promise for producing cognitive change in gamblers.
- A study by Jardin and Wulfert (2004) which demonstrated a clear link between less risky gambling behaviour and in situ warning messages. Participants who had played the Wheel of Fortune game with the regular programmed pop-up message 'you cannot control the outcome of this game' spent less money gambling, played fewer games in the losing trial and were more likely to quit with a positive bank balance than those who played with no or neutral messages. In light of these findings, it can be concluded that changes to gambling behaviour are connected to message content and not a break in play.
- A study by Monaghan and Blaszczynski (2007) examined the effectiveness of messages using two groups of EGM players. One group played an EGM with a static message next to the screen. The other group played an EGM that featured a translucent dynamic message moving across the screen. This boxed message took 15 seconds to move across the screen but play was still enabled.

The results showed exposure to dynamic messages is associated with a greater accuracy of recall. Those in the dynamic message group were able to significantly recall the message to a greater extent than the static message group. The dynamic message group also had a greater cued recall, more accuracy and confidence in recall. The dynamic messages seem effective in challenging attitudes. However, it is not clear whether they were able to affect problem behaviour.

- Research by McDonnell Phillips (2006) found that 88 per cent of gaming machine players considered pop-up warnings during play to be useful.

A key recommendation of the Independent Pricing and Regulatory Tribunal (IPART) of NSW Final Report (2004) into gambling was the use of 'pop-up' messages on EGM screens. The study stated:

"... the evidence indicates that the messages should simply state that the player has been playing for 60 minutes and should ask the player whether he or she wishes to continue. The introduction of this measure should be accompanied by research to evaluate the effectiveness of the measure." (2004: 58-60).

This type of warning mechanism could detect problematic playing styles such as 'chasing losses'.

In its submission to the PC inquiry on gambling (Subdr 344), the Gaming Technologies Association (GTA) support the use of dynamic warnings, with the proviso that parameters of such technology should be well-researched and that a national approach should be coordinated.

GTA stated that the use of dynamic warning and voluntary pre-commitment would effectively target problem play without impacting on recreational gamblers and suggest a number of parameters which may be used to assess problem play. These included:

- increasing bet size over time,
- increasing bet size after a losing run,
- increasing the frequency of button presses,
- playing through minor win celebrations, and
- any other agreed areas.

Evidence supporting cost of play displays

A study by Sevigny and Ladouceur (2003) revealed 83 per cent of the occasional video lottery player participants gave irrational verbalisations whilst playing. In order to minimise harm, players need help to maintain a rational perspective during their gambling (Benhsain et al, 2004).

This and similar research reveals that the majority of people who play gaming machines do not understand how the machines operate. The PC argues that existing messaging—such as ‘this machine will return on average 87 per cent to player’—contributes to the misconception that one can win on a long-term basis (that is, that the machine will eventually pay out).

Cost of play displays as suggested by the PC would be a percentage cost, calculated as 100 minus the return to player (RTP). It should be noted that the RTP and cost of play display information varies between jurisdictions and venue types. A sample is included below.

- *Queensland*

Under section 3.73 of the Queensland Appendix to the Australian/New Zealand Gaming Machine National Standard, Player Information Displays are required to be accessible on screen. Information includes the chances of winning maximum prize and possible spend rate. The player information display on gaming machines utilising the QCOM 1.6 protocol also includes information that each spin is random and that players’ chances of winning do not improve the longer they play.

In Queensland, clubs and hotels are required to return 85-92 per cent to the player. Casinos are required to return 90 per cent to the player.

- *Victoria*

Regulations in Victorian require EGMs to display, at the election of players, certain information about each game, including the chances of achieving the top five and bottom five individual winning combinations and the maximum and minimum bet options available.

In Victoria, EGMs are required to return 85 per cent to the player.

- *Tasmania*

Player Information Displays (PIDs) are required for all new gaming machines in casinos, hotels and clubs. PIDs allow a player to view particular information about the game, including the return-to-player configuration of the game and any connected jackpots; total wins and losses and the duration of play; and odds of the top five and bottom five prizes.

In Tasmania, EGMs are required to return 85 per cent to the player.

The PC recommends that a more effective approach to cost of play display is to indicate the expected hourly loss based on playing style (known as dynamic price disclosure). This concept is similar to the technology of a fuel-use gauge in cars whereby the fuel usage is shown based upon the acceleration level. Gaming machines can calculate player costs.

The PC use the example that the expected hourly cost of play display is \$72 for someone playing on a two cent machine with a 90 per cent return to player who is choosing 10 lines with five credits per line, and taking five seconds between button pushes. If the gambler increased play by selecting 25 lines and 20 credits, while accelerating the rate of play to 3.5 seconds per button push, the expected cost per hour would rise to \$1,029.

GTA is also in support of cost of play display and suggests this could be implemented on all new machines and incorporated into all routine updates from mid-2011 at negligible incremental cost.

“The GTA is of the view that Player Information Displays (PIDs) provide the most appropriate mechanism for delivering “cost of play display” information in a timely and effective manner and recommends that the presentation and technical designs of PIDs should be nationally coordinated.” (PC subdr344 pg.6)

Electronic gaming machine modification

The technical details of implementation and precise scheduling of any changes would need to be agreed by technical experts, industry and regulators.

A key challenge to successful implementation of dynamic warning and electronic cost of play display is the varying technological infrastructure across jurisdictions and venues. The warnings could be implemented by EGMs being networked into a monitoring system. Queensland, Tasmania and the Northern Territory utilise a networked central monitoring system (CMS). A server based system that links EGMs to this type of CMS offers the following:

- message content can change quickly and easily,
- cost of play display can be updated quickly and easily,
- changes can be made remotely, and
- new messages would have minimal cost.

It would be beneficial if all jurisdictions could utilise the same CMS protocol.

Currently, the ACT has no CMS and NSW does not have a two-way monitoring system capable of making changes remotely to EGMs.

Case Study: Nova Scotia

In May 2001, the Nova Scotia Gaming Corporation (NSGC) introduced modified video lottery terminals with responsible gaming features. These features were introduced to help discourage excessive play by providing reality checks and interruptions alerting players to the amount of time (and money) being spent in a session. Features included:

- permanent on-screen clock showing the time;
- display of betting activity in cash amounts (as opposed to credits);
- pop-up reminders of time spent playing after 60, 90 and 120 minutes; and
- a five minute cash out warning at 145 minutes of continuous play with mandatory cash out at 150 minutes.

Key findings from the study include the following.

- Majority of players viewed the reminders as an annoyance and felt quickly selecting 'yes' would allow them to 'get on with the game.' They noted after a while the message would be ignored and would routinely select 'yes'.
- Some players (especially those at a higher risk for problem gambling) cash out or let their credits run down to zero as part of their strategy. This would reset the clock on the machine. Players would not be exposed to the 60, 90 and 120 minute pop-up reminder messages.
- On average, liking of the pop-up messages declined over the study.

The study recommendations for pop-up messages include:

- retain pop-up messages for continuous play with revised schedule,
- have messages stay fixed-onscreen until players respond,
- have messages 'freeze' on screen for a minimum time period regardless of player response.
- introduce complementary messages to target non-continuous play,
- consider linking message to time-of-day lock (appearing at regular intervals throughout play), and
- develop and provide updated player information announcements as part of screen messages

Parameters to Consider

Designing principles for the implementation of these EGM modifications will require a range of measures to be taken into consideration by the Select Council.

The New Zealand Government has recently introduced a requirement for 'pop up' messages to be displayed after 30 minutes of continuous gaming machine play. At the present time, there has not been an adequate period of time to allow for an evaluation about the effectiveness of these changes.

Questions in the design of EGM modifications that the Select Council could consider include:

- message content and wording,
- font size,
- period of time message is displayed,
- how message is displayed on screen, and
- potential loopholes in the system.

Lessons can also be taken from the success/failures of alcohol and tobacco warning campaigns and be modified for any trial in a dynamic warning gambling setting. Other evidence to consider includes:

- the effectiveness of a large text sizes (Hammond et al. 2007),
- the importance of refreshing material (Ibid),
- information of the positive impacts of ceasing risky behaviour which improve message effectiveness in a warning message campaign (Strahan et al. 2002),
- taking on a fear-based approach by focusing on the negative impacts of risky behaviour is typically more effective as a preventative measure or as means of encouraging early detection (Ibid), and
- warning messages that specifically targeted certain health risks (such as drink driving and drinking during pregnancy) have some impact on drinker behaviour (Stockwell 2006).

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PRODUCTIVITY COMMISSION RECOMMENDATIONS RELATING TO DYNAMIC WARNING AND COST OF PLAY DISPLAY

Recommendation 8.2

There should be a capacity for gaming machines to display warnings electronically when the style of play is indicative of significant potential for harm, with:

— this capability incorporated into all new gaming machines by 2012 and switched on for these machines in 2014

— all gaming machines required to have this feature by 2016, with an exemption until 2018 for venues with less than ten machines that also face significant implementation costs relative to revenue

— the messages to be displayed and the rules for triggering each message configured in such a way that they could be changed remotely via a monitoring system (including for new machines sold in jurisdictions where existing monitoring systems would not yet be capable of making those changes).

In the interim, where their monitoring systems are already capable of sending messages to EGMs, jurisdictions should require gaming machines to periodically display simple warnings (unrelated to a gambler's playing style) by 2011.

Recommendation 8.3

Governments should ensure that gaming machine players are informed about the cost of play displaying through disclosure of the 'expected' hourly expenditure and the percentage cost of play display.

- Initially, this should be achieved with a sign fixed to all EGMs, showing the percentage cost of play display and the expected hourly cost of play display on that EGM, based on some customary styles of play.*
- By 2011, all new gaming machines should display electronically the cost of play displaying based on an individual's style of playing, and provide information on the percentage cost of play display.*
- By 2016, all gaming machines should be required to have this feature, with an exemption until 2018 for venues with less than ten machines that also face significant implementation costs relative to revenue.*
- The percentage cost should be calculated as 100 minus the return to player percentage.*

Recommendation 19.1

All governments should commence work as soon as possible to specify the design features, common standards and protocols for gaming machines and central monitoring systems that would:

- (a) support a future full pre-commitment system (recommendation 10.4), including the exact design of a prototype to be trialled (recommendation 19.2).*
- (b) allow governments to quickly and remotely set and change bet limits, cash inputs, player information displays, dynamic warnings, pre-commitment options and other key machine parameters for all EGMs in a jurisdiction.*
- (c) permit machine manufacturers to sell machines during the transition period that would be compliant with (a) and (b) when these features were 'switched on'.*
- (d) not hinder competition between rival providers of games, loyalty schemes and monitoring services.*

PRODUCTIVITY COMMISSION REGULATORY ARRANGEMENTS: TIMELINE

This table is an adapted version of the Productivity Commission (PC) electronic gaming machine (EGM) modification timeline for suggested regulatory arrangements. The table highlights the PC recommended key stages for dynamic warnings and cost of play display design and implementation process.

Date	Measure
2010	<ul style="list-style-type: none"> • Implement cash/credit input limits in Queensland <ul style="list-style-type: none"> - build this feature into new machines in other jurisdictions for activation by 2016 • commence broad development of standards and design features <ul style="list-style-type: none"> -fast-track standards needed for dynamic notice of actual cost of play display, internal bank for wins over \$300, dynamic warnings of potentially harmful play, capability to operate at \$1 bet limit and partial pre- commitment - each jurisdiction to decide which communications protocols they will use for pre-commitment and remotely changing EGM parameters
2011	<ul style="list-style-type: none"> • new EGMs to have: <ul style="list-style-type: none"> - dynamic notice of actual cost of play display (activated immediately) - capability for internal bank for wins over \$300 (not activated) • implement simple warnings on EGMs using compatible monitoring systems
2012	<ul style="list-style-type: none"> • new EGMs to have: <ul style="list-style-type: none"> - capability for dynamic warnings of potentially harmful play (not activated) - capability to operate at \$1 bet limit (not activated) - consistency with agreed central monitoring protocols
2014	<ul style="list-style-type: none"> • activate: <ul style="list-style-type: none"> - internal bank for wins over \$300 for all machines supporting this feature - dynamic warnings of potentially harmful play for EGMs supporting this feature
2016	<ul style="list-style-type: none"> upgraded monitoring systems to be operational in all jurisdictions • all EGMs to be capable of facilitating remote adjustment, excepting exemptions for small venues. • excepting exemptions for small venues, all EGMs to: <ul style="list-style-type: none"> - provide dynamic notice of actual cost of play display - provide dynamic warnings of potentially harmful play - have an internal bank for wins over \$300 - operate a \$1 bet limit • all jurisdictions to impose cash/credit input limits
2018	<ul style="list-style-type: none"> • all exemptions for small venues end

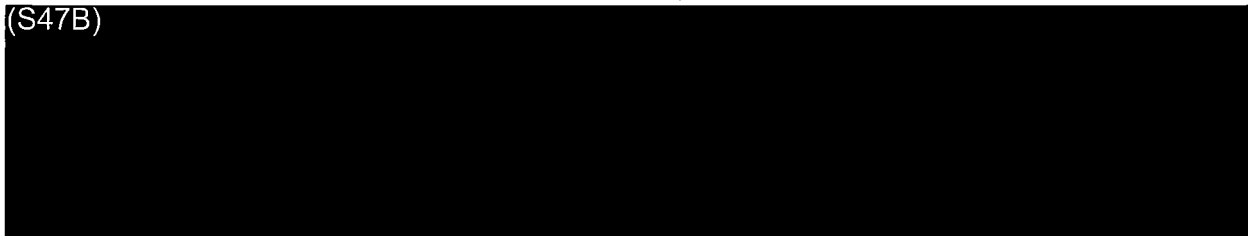
2020

- assess effectiveness of all harm minimisation measures to see if they should be modified or removed

COAG Select Council on Gambling Reform

AGENDA PAPER: ITEM 4.3 – ATM WITHDRAWAL LIMITS

(S47B)



Background

- The Productivity Commission report examined several aspects of Automatic Teller Machines (ATMs) in gaming venues ranging from the options of complete removal of ATMs from gaming venues, ATM withdrawal limits, Electronic Funds Transfer Point of Sale (EFTPOS) withdrawal limits and the use of credit in gaming venues. The Productivity Commission also considered the points of view of the club, hotel, casino and the ATM industries.
- The current ATM withdrawal limits in Australian jurisdictions are:
 - No limit for the Australian Capital Territory, New South Wales and Queensland;
 - The Northern Territory, South Australia, Victoria and Western Australia have withdrawal limits ranging from \$200 to \$400 per day;
 - ATMs are banned from hotels and clubs in Tasmania; and
 - The Victorian government has taken a decision that from mid 2012 ATMs will be removed from licensed premises in that state. This will be subject to exemptions for small towns in regional Victoria where access to cash may be very limited.

(S47B)



- The majority (99 per cent) of ATMs located in licensed venues are from non-banking institutions.

ATM Industry Reference Group:

- The ATM Industry Reference Group provided a submission to the Productivity Commission Inquiry on Gambling. Their submission states that its members (which make up 95% of all independent ATM operators in Australia) have the technology to develop a solution to provide daily withdrawal limits.
- The ATM Industry Reference Group also called for uniform regulation of ATMs across Australia to make it administratively easier for operators and customers.

Research into ATM in gaming venues:

- It was reported in *The Analysis of Gambler Pre-Commitment Behaviour* (Gambling Research Australia 2006), that the top two triggers for regular gaming over spending were access to cash on their person and access to ATMs at the venue. This research found also, that access to cash was more important for problem gamblers for explaining why spending limits were exceeded, than for non-problem gamblers.
- The report's findings state that "unprompted and prompted responses highlight that ATM accessibility is seen by gamblers as contributing to the tendency to exceed gambling limits". The report suggests that Australian jurisdictions should examine the potential of ATMs and other points of access to cash as potential avenues for the delivery of pre-commitment mechanisms.
- In another Gambling Research Australia report, *Identifying Problem Gamblers in Gambling Venues* (2007), regular withdrawal of cash from ATMs to gamble was a visible sign of someone being a problem gambler. The research showed that there was an 89 per cent chance that problem gamblers will gamble using ATM or EFTPOS facilities at venues on at least two or more occasions per visit. This was over twice the likelihood for all other gamblers.

(S47B)



Issues

- Research shows a clear link between problem gambling and access to cash from ATMs. Problem gamblers are more likely to use ATMs to withdraw cash than other gamblers and in general withdraw larger sums of money. In addition, a number of surveys of problem gamblers and regular gamblers show that gamblers themselves consider ATM accessibility as contributing to their tendency to exceed gambling limits.
- The Productivity Commission argues that recreational gamblers and other clients of venues would not be adversely impacted by a \$250 daily withdrawal limit. Evidence from the ATM Industry Reference Group to the Productivity Commission Inquiry showed that nearly 85 per cent of cash withdrawals from ATMs in gaming venues involved amounts below \$250 per card per day. It should be noted, however, that in some smaller towns in rural locations these ATMs may be the only ones available in the community.

- The Productivity Commission argues that the cost to the ATM industry of complying with a daily withdrawal limit is not likely to be significant. The ATM Reference Group advised that its members were already working towards compliance with the Victorian legislation to limit cardholders to a maximum withdrawal limit of \$400 within a 24-hour period.
- The Productivity Commission report recommended, based on the limited evidence available, that a daily limit of \$250 on withdrawals from ATMs could help address gambling harms without overly affecting non-problem gamblers and other patrons. They also suggested that the daily withdrawal limit should be adjusted periodically to account for inflation.
- The Productivity Commission report also recommended that casinos be exempt from a withdrawal limit. When comparing casinos with clubs and hotels, the Productivity Commission report mentioned that casinos offer a broader range of gambling and other services. A withdrawal limit would therefore have greater costs for casinos.
- The Productivity Commission report also recommended that an exemption from a withdrawal limit may be also needed for those venues in regional areas that have no readily accessible alternative banking facilities. They suggested that this could be where a local population centre is five kilometres or more from the nearest banking facility.

(S47B)



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COAG Select Council on Gambling Reform

AGENDA PAPER: ITEM 5 – RESEARCH AGENDA

Background

(S47B)

- The recommendations to be implemented from the Productivity Commission Report on Gambling, which was released on 23 June 2010, will require an evaluation of the impact that a reduction in problem gambling will have on a number of areas, including revenue flows and individual spending behaviour of gamblers and the impact of the introduction of a pre-commitment scheme on problem gambling.

Issues

- The Productivity Commission argues that an ongoing program of high quality, policy-focused research and evaluation will supplement the existing evidence base.
- The Productivity Commission report notes that while a significant body of research has been accumulated on many aspects of gambling, its usefulness in guiding policy has been mixed, and sometimes data with clear policy relevance has not been analysed. It considers that it is possible to do more to accumulate good evidence by addressing problems with:
 - data collection;
 - transparency of data and research findings;
 - governments' research agendas;
 - coordination between governments;
 - research capacity and scope for multidisciplinary input and collaboration; and
 - policy and program evaluation.
- In its initial response to the recommendations of the Productivity Commission report, the Commonwealth Government committed to the introduction of a pre-commitment scheme. The Commonwealth Government has also committed to supporting the Productivity Commission recommendations in relation to electronic gaming machine dynamic warning and cost of play displays, as well as implementing a \$250 daily withdrawal limit for automatic teller machines (ATMs) in venues with electronic gaming machines (excluding casinos).
- In order to implement gambling reform in an informed manner, additional information, particularly in relation to the impacts of a reduction in problem gambling on other revenue flows and individual spending behaviour, is required.
- It is proposed that a study examining revenue flows and individual spending behaviour focus on three main areas:
 - assessing policy effectiveness — to research behavioural impacts and effectiveness of options for changing problem gambling behaviours, including spending behaviours and an analysis of the potential for migration to other forms of gambling;

- economic modelling — to assess the direct effects on gambling related industries and broad effects on the whole economy (and using this analysis Treasury, possibly with the assistance of state treasuries, could estimate changes in tax revenues of all levels of government); and
- cost-benefit analysis — to add effects not easily estimated in economic modelling (such as social effects) to provide a comprehensive picture of costs and benefits of policy change.
- Terms of reference for the independent study are being developed by the Commonwealth and will be shared with the COAG Senior Officials Working Group.
- In addition to the research outlined above, it is noted that an evaluation of the introduction of a full pre-commitment scheme would be required and it is suggested that the Productivity Commission will conduct a thorough examination of the problem gambling pre-commitment scheme from 2014.

(S47B)



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