



SUBMISSION TO THE PRODUCTIVITY COMMISSION'S GAMBLING INQUIRY

March 2009

This submission highlights several research studies conducted or in progress by the Centre for Gambling Education and Research (CGER) in response to the Productivity Commission's invitation to 'draw the Commission's attention to, and to comment on, relevant Australian and international research and reports, and available data that have been produced since 1999' (2008:8). These studies are grouped under various themes and relate to several Terms of Reference. Some background on the CGER is also provided.

Executive Summary

The Centre for Gambling Education and Research (CGER) is a research centre based at Southern Cross University. Its multidisciplinary approach has enabled the CGER to conduct a broad range of research projects that span disciplines including management, operations, public policy, psychology, sociology, public health, marketing, strategic management, social work, ethics, technology, hospitality management and Indigenous studies.

This submission highlights several CGER streams of research that have informed comment on issues relevant to this Inquiry. These comprise Indigenous gambling, harm minimisation measures, cashless gambling, gambling by gaming venue staff, technology/internet gambling, regulation and policy, influence of gaming machine characteristics on gambling behaviour, and psychological predictors of problem gambling.

In relation to Indigenous gambling, the submission identifies serious deficiencies in knowledge, public health measures and gambling help service delivery, despite evidence that suggests Indigenous Australians have higher problem gambling rates than for non-Indigenous Australians. Another at-risk group for gambling problems are gaming venue staff. Evidence is presented to confirm this and supports an extension of existing responsible gambling efforts beyond the current focus on patrons to also include employees. In relation to harm minimisation measures, several limitations to their current effectiveness are outlined. Inadequacies of existing legislation for internet gambling are raised and underpinned by research demonstrating the poor implementation of responsible gambling measures in the online environment. Summaries of other CGER research of relevance to this Inquiry are also presented.

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Overview of the CGER

Established in 2003 as a research centre at Southern Cross University, the CGER conducts research and provides educational programs in gambling operations, management, policy and impacts. Its objectives are to:

- increase knowledge of gambling, particularly in relation to its operations, management, impacts, policy and technologies
- enhance teaching and learning in gambling management through research and scholarship
- provide research training through higher degree research programs related to gambling
- engage in professional activities, including consulting activities and the dissemination of knowledge related to gambling to the professions
- engage in community service, including consulting activities and the dissemination of knowledge related to gambling to the broader community

The CGER has achieved the following key outcomes in the past five years:

- Seven figures worth of funding in external research grants
- Significant internal research grants
- Over 60 refereed publications
- 30 conference papers
- A wide variety of professional and community engagement activities
- Research training for several Honours and PhD students
- Significant contributions to educational programs in gaming management

The CGER's research has been funded by Gambling Research Australia, the NSW Office of Liquor, Gaming & Racing, Clubs NSW, the Club Manager's Association Australia, the Australasian Gaming Council, the QLD Office of Liquor, Gaming & Racing, the South Australian Independent Gambling Authority and the Victorian Office of Gaming Regulation.

The CGER's current professional activities include: journal review, editorial board membership, international think tank participation, membership of research peer review panels, membership of various associations for gambling studies and research, keynote presentations, services for counselling services, and input to industry and government on responsible gambling.

It has successfully engaged active participation in research spanning government, community agencies and the industry, including QLD Gambling Help, SA Gambling Help, Tabcorp, Tattersalls, Relationships Australia, Treasury Casino, Conrad Jupiter's Casino, Jupiter's Townsville Casino, Reef Casino, Skycity Adelaide Casino, Skycity Auckland Casino, Centacare, Lifeline, Clubs QLD, Clubs NSW, Clubs SA, Clubs Victoria, SA Office of Problem Gambling, QLD Hotels Association, SA Hotels Association, NSW Hotels Association and LHMU, along with numerous gaming venues.

Independence and objectivity are of utmost importance in the CGER's research. We constantly strive to provide balanced and non-partisan research outputs. To this end, our research is characterised by substantial stakeholder engagement across government, industry and community sectors.

Indigenous Gambling

The CGER is conducting three studies on gambling by Indigenous Australians. These are summarised below to inform our comments on issues relating to Indigenous gambling and Indigenous gambling research. Following this are comments from a CGER Indigenous Research Associate, Mr Ashley Gordon.

1. Indigenous Gambling in a North Queensland Community (2007-09) (Nerilee Hing [CI], Helen Breen, Ashley Gordon). Funded by the then Queensland Office of Gaming Regulation, this project has conducted a quantitative survey of Indigenous gambling, problem gambling, its socio-demographic, behavioural, perceptual and attitudinal correlates, and help-seeking behaviour in an Indigenous community in North Queensland. It has now completed the largest Indigenous gambling survey in Australia to date, with responses from 72% (n=871) of all adults in the community. The research report for this study is not yet complete and cannot be released without community and the Queensland Government's consent, so the results cannot be discussed here. This study is due for completion in mid 2009.

2. Exploring Indigenous Gambling: Applying an Innovative Model for Understanding Indigenous Gambling Behaviour, Risk Factors, Consequences and Potential Interventions (2008-10) (Nerilee Hing [CI], Helen Breen, Judy Atkinson, Ashley Gordon). Funded by Gambling Research Australia, this project is exploring Indigenous gambling and problem gambling in several locations and Indigenous communities in New South Wales and Queensland. It illuminates, through stories, oral accounts, interviews and consultative meetings, Indigenous people's experiences of gambling, including development and maintenance of gambling, preferred gambling activities and venues, typical frequency, expenditure and session length, motivations, problem gambling behaviour, risk factors, individual, family and community consequences, and potential interventions. This study is due for completion in early 2010.

3. Risk and Protective Factors in Indigenous Gambling (2006-09) (Helen Breen, current PhD research). This study is investigating gambling behaviours, motivations and consequences for Indigenous Australians in North Queensland. Specifically, it will identify and examine risk factors, those that enable, encourage or predispose people towards gambling that is problematic, time consuming and harmful to them and others; and, protective factors, those that assist, protect or discourage people from moving towards gambling that has harmful consequences for them and others. The study is examining both community card gambling and commercial gambling. It is due for completion in late 2009.

Commentary

Unfortunately, we are not in a position to share findings from the above studies as yet. However, several key issues have become apparent in conducting these projects that are of relevance to this Inquiry:

- Little public knowledge exists about most aspects of contemporary Indigenous gambling. The international knowledge base is meagre, providing little insight into Indigenous gambling as a socio-cultural activity, thus limiting prior theoretical developments in gambling to culturally narrow perspectives. There is an urgent need to build the knowledge base about how Indigenous gambling problems are perceived, Indigenous community values and beliefs around gambling, Indigenous help-seeking behaviour, and culturally-sensitive resources for problem gamblers (Wynne & McCready 2005).
- However, international research *has* found that Indigenous peoples are often at higher risk of gambling problems than non-Indigenous peoples. Epidemiological surveys of First Nation populations in Canada, the US and NZ have described 'alarmingly high' rates of problem gambling (McGowan & Nixon 2004:7). When gambling behaviour is considered on a continuum, from severe to no associated problems, these studies have found higher proportions of Indigenous populations to be at the problematic end of the scale. The scant research into gambling by Indigenous Australians also suggests higher problem gambling rates than for non-Indigenous Australians (McMillen & Donnelly 2008).
- Despite this, there is a dearth of research into Indigenous gambling. Only 11 studies specific to Indigenous Australian gambling have ever been published. Five ethnographic studies focused on Indigenous card gambling, each presenting a case of one remote

community with limited generalisability (Altman 1985; Goodale 1987; Hunter & Spargo 1988; Martin 1993; Paterson 2007). Only three published studies have focused specifically on Indigenous participation in commercial gambling. They obtained convenience samples of just 222 Indigenous people in NSW (Dickerson et al. 1996) and 128 in Queensland (AIGR 1996) to quantitatively analyse some aspects of gambling behaviour. An observational study of people of Indigenous appearance was also conducted in one casino (Foote 1996). The three other specific studies relied on key informant consultation to describe Indigenous gambling activities, speculate on impacts and recommend gambling health promotion and help services for Indigenous Australians (Cultural Perspectives, 2005; McDonald & Wombo 2006; AH&MRC 2007).

- Non Indigenous-specific population surveys have also captured data on Indigenous gambling. However, these telephone surveys yielded small skewed samples of Indigenous respondents, so prevent meaningful conclusions; e.g. a statewide telephone survey of gambling in the Northern Territory excluded the two-thirds of Indigenous residents without a home phone, with the 126 responses representing only more affluent urban residents (Young et al. 2007). Two Queensland surveys found Indigenous people are over-represented amongst at-risk/problem gamblers, but no other Indigenous data were reported (Queensland Government 2005, 2008).
- This limited research is reflected in inadequate culturally sensitive public health interventions for Indigenous gamblers (AH&MRC 2007). Considerable progress has been made in response to gambling problems amongst *non-Indigenous* Australians, yet little is known about the efficacy of these public health measures for Indigenous Australian people and communities. Further, effective public health strategies need to be based on a comprehensive community profile of the health problem to guide decisions about appropriate interventions. This profile is sadly deficient for Indigenous Australian gambling, with little research to inform culturally appropriate public health campaigns, consumer education, preventative strategies and treatment services. While there are a few isolated examples of Indigenous-specific public health materials on gambling being used, their efficacy is unknown. The efficacy for Indigenous gamblers of mainstream public health campaigns is also unknown. Thus, it seems that Indigenous people are a high-risk group for gambling problems, yet there is little provision of culturally appropriate public health education.
- In conducting our research, it quickly became apparent that there are very few Indigenous gambling counsellors and community educators in Australia. Many Indigenous people prefer culturally specific services; indeed, non-indigenous counselling services generally report low usage by Indigenous Australians. Thus, even though Indigenous people appear a high-risk group for gambling problems, there is little provision of appropriate help agencies.
- This point relates to Indigenous research methodologies. In order to adhere to the *Values and Ethics: Guidelines for Ethical Conduct in Aboriginal and Torres Strait Islander Health Research* (2003), our experience suggests that 1) longer research timeframes are needed to allow adequate and respectful consultation between researchers and Indigenous peoples and communities, 2) it is essential to engage participants and communities in shaping the research agenda and processes such that all details of the research cannot usually be specified at grant application stage, 3) participation by individuals and communities is often contingent on their right to allow or deny dissemination of research results, 4) researchers have a responsibility to cause no harm, so again decisions on dissemination of research results should ideally rest with participating individuals and communities, 5) researchers need to be extremely mindful of the poor track record of research and interventions in Indigenous communities where 'fly-in, fly-out' methodologies have resulted in limited consultation, selective participation and invalid research results, 6) researchers are advised to have strategies in place for addressing any problems that are revealed by the research; it is insufficient to uncover a problem via research and then walk away from it. These issues might usefully inform both researchers and research granting bodies.
- To address some deficiencies in knowledge outlined above, the CGER has lodged an **ARC Discovery Grant application** (under review). The proposed project aims to analyse the prevalence of gambling problems amongst Indigenous Australians and associated

risk factors and consequences, in order to develop a theoretical model that informs culturally and contextually appropriate public health measures for Indigenous gambling. If the project is funded, it will be the largest and most representative study of Indigenous gambling to date, address numerous gaps in knowledge about Indigenous Australian gambling and significantly advance the fundamental knowledge base in Indigenous health and wellbeing, public health and gambling studies.

4. Comments from CGER Research Associate: Mr Ashley Gordon

Ashley Gordon's Background

Ashley Gordon is an Indigenous man and a trained gambling counsellor with extensive experience in Indigenous community education and Indigenous program development and delivery. His genuine commitment to advancing the wellbeing of Indigenous Australians is demonstrated through his previous roles as a high school teacher, life skills trainer, mentor for young Indigenous footballers, drug, alcohol and gambling community educator, Indigenous employment officer, and board positions on community organisations, including the NSW Council on Problem Gambling and the Hunter Council on Problem Gambling. Formerly a First Grade Player for the Newcastle Knights, he has considerable respect amongst Indigenous peoples and a wide network of contacts. Ashley's educational qualifications comprise a Bachelor of Education, Workplace Training and Assessors Certificate IV and Community Services Certificate. His recent work in gambling includes:

- Indigenous Research Consultant, Indigenous Gambling in a North Queensland Community (2007-09) (Nerilee Hing [CI], Helen Breen, Ashley Gordon), as described above.
- Indigenous Research Consultant, Exploring Indigenous Gambling: Applying an Innovative Model for Understanding Indigenous Gambling Behaviour, Risk Factors, Consequences and Potential Interventions (2008-10) (Nerilee Hing [CI], Helen Breen, Judy Atkinson, Ashley Gordon), as described above.
- Workshop Facilitator and Presenter for NSW Aboriginal Health and Medical Research Council of NSW: Responding to Gambling Issues and Problems for Aboriginal Communities in NSW.
- Workshop Facilitator and Presenter at the Kalumbaroo Indigenous Community, Western Australia presenting four weeks of gambling awareness workshops as part of an employment development program conducted by the Australian Army.
- Workshop Facilitator and Presenter for a two day Queensland Gambling Help gambling awareness workshop for Indigenous communities in North Queensland.

Ashley Gordon's Comments

To begin addressing Indigenous Australians and gambling, we must understand Aboriginal people, their culture and communities. The issues Aboriginal communities face are increasingly high; they often include grief and loss, unemployment, poor health, drug usage, high crime rates leading to high incarceration, poverty, alcoholism, poor concept of money, lack of social activities and a lack of opportunities. These issues that Aboriginal communities experience can contribute to the individual's need to gamble.

There are many reasons why people gamble and Aboriginal people gamble for the same reasons as the wider community. Some of the factors associated with a gambling dependency are boredom, the chase, loneliness, to win money, to socialise, excitement and low self esteem. There is also a large tendency for Aboriginal people to be enticed by marketing traps used by gambling venues. A major concern is a large majority of younger people are learning the gambling behaviour from their family, elders and community.

Many Aboriginal people may find it difficult to identify or admit they have a gambling problem. If you have an Aboriginal person with a number of issues, they find it difficult to understand what is a gambling problem or the magnitude of the problem/behaviour. Their perception of what is right and wrong is distorted as many people from their community are experiencing similar problems; an example of this is when gambling is played frequently and people realise it is a part of their daily routine and way of life. In most communities, gambling is still not recognised as a problem and is therefore not discussed or addressed. So many communities,

services and government departments are focusing on existing issues that appear to be more important, i.e., alcohol, drug usage, mental health, poverty, homelessness, etc. The failure to identify the seriousness of gambling in these communities is alarming, considering that gambling in Aboriginal communities can often be linked to domestic violence, crime, increased poverty, drug usage, increased absenteeism of school attendance, suicide, unemployment and financial hardship.

Aboriginal people find it difficult to locate a service that best supports their needs. They often avoid an organisation, fearful that they will not be supported correctly. Feedback from many gambling services, Indigenous organisations and community members suggests that there are extremely high numbers of people who have gambling problems and their needs are not being addressed. Indigenous people have difficulty seeking support from Indigenous services through fear of confidentiality in their community. Accessing services is often problematic because of transport difficulties, for both the service provider and the client. Isolated communities and problems with cultural awareness may provide further barriers when accessing these services.

Aboriginal people who do access a gambling counselling service often leave this support before completing the program. This occurs because the staff may not be trained or confident when communicating and supporting Aboriginal people's needs. There are many programs that services are implementing which are not suited to the needs of this culturally diverse group. The majority of services are unable to provide a flexible approach required for this client group (cultural appropriateness, session times, session length, session frequency, outreach support, presenting information in a format that is easily understood, adapting assessments, interventions/therapies to Aboriginal people). To encourage Aboriginal people to attend these services for gambling support, effective community consultation should occur. Service providers must build rapport and trust before any direct support can be implemented. Presently, funding guidelines are preventing this important community process.

Current trends of Aboriginal gambling activities suggest that Aboriginal people spend significantly more money on cards games in remote communities, and in large towns or cities it is gaming machines. Presumably this is influenced by the ease of access.

Gambling has a significant effect on Aboriginal communities, given the higher rates of unemployment experienced by Aboriginal people and their lower levels of income. Research has shown that poor socio-economic communities gamble more than higher income communities. It is a significant problem for Aboriginal men and directly affects their families, and their communities. The level of gambling by adults in many Aboriginal communities is also contributing to the increasing numbers of children gambling. This is a damaging societal trend that requires change before the gambling problem escalates to the level of damage felt by Aboriginal communities as a result of alcohol and substance abuse.

Harm Minimisation Measures

The CGER has conducted the following six studies relating to harm minimisation in gambling and responsible gambling. While the majority have focused on these issues in clubs, it is important to note that the issues raised are not distinctive to clubs, but also apply to other types of gaming venues.

1. Changing Fortunes: Past, Present and Future Perspectives on the Management of Problem Gambling by New South Wales Registered Clubs (2000) (Nerilee Hing). This was a PhD thesis. It aimed to examine, from past, present and future perspectives, how registered clubs in NSW strategically manage problem gambling in their machine gambling operations. Seven stages of research were conducted.

- Stage One sourced secondary data to document the development of machine gambling in NSW clubs to their contemporary status as major providers of gaming machines. It explained how increased commercialisation of not-for-profit NSW clubs undermined their distinctive relationship with the community and their legitimacy as operators of machine gambling for social benefit. This change diminished the social contract of clubs and exacerbated problem gambling.

- Stage Two utilised a lifecycle model of issues management to analyse how epistemic influences, governments, gambling operators and pressure groups fuelled the emergence of problem gambling as a significant social issue in Australia.
- Stage Three considered the relevance of theoretical models of social responsibility and applied models of responsible provision of gambling to NSW clubs in addressing problem gambling.
- The fourth and fifth stages drew on interviews with 19 NSW club managers, six case studies of NSW clubs with responsible gambling programs and a survey of all NSW clubs with gaming machines. It found that participating club managers placed most priority on economic principles in their machine gambling operations, followed by legal, ethical and discretionary principles, respectively. This prioritisation also was reflected in a hierarchy of socially responsible practices in machine gambling, which prioritised secondary harm minimisation strategies, reactive primary intervention, proactive primary intervention, consumer protection and fair trading measures, and discretionary practices respectively.
- Stage Six assessed the congruence between principles and practices adopted in machine gambling operations in NSW clubs to address problem gambling and those expected by their main constituencies. While club managers favoured secondary and reactive primary harm minimisation practices, key stakeholders advocated a holistic approach that extends to proactive primary harm minimisation, consumer protection and fair trading strategies.
- The seventh stage considered implications of key developments during 1998-2000 for the future management of problem gambling by NSW clubs.
- The thesis concluded by identifying seven key factors that emerged as influencing the way in which NSW clubs have managed problem gambling. These were presented as a theoretical framework with potential utility for future investigations of how organisations manage their social impacts.

The full thesis is available at: <http://adt.caul.edu.au/>

Published papers on various aspects of the research are:

Hing, Nerilee, (2001). Changing the odds: A study of corporate social principles and practices in addressing problem gambling. *Journal of Business Ethics*, 33(2), 115-144.

Hing, Nerilee, (2002). The emergence of problem gambling as a corporate social issue in Australia. *International Gambling Studies Journal*, 2, 101-122.

Hing, Nerilee and Jan McMillen, (2002). A conceptual framework of the corporate management of social impacts: The case of problem gambling. *Business and Society Review*, 107(4), 457-488.

Hing, Nerilee, (2006). A history of machine gambling in the NSW club industry. *Journal of Hospitality and Tourism Administration*, 7,(1), 81-107.

2. An Assessment of Member Awareness, Perceived Adequacy and Perceived Effectiveness of Responsible Gambling Strategies in Sydney Clubs (2002-03) (Nerilee Hing, Mark Dickerson). Funded by the Casino Community Benefit Fund for the then NSW Department of Gaming and Racing, this research surveyed members of 10 Sydney clubs to examine the efficacy of responsible gambling measures in those clubs, with comparisons drawn between non-problem, at-risk and problem gamblers (measured using the Harm to Self Scale of the Victorian Gambling Screen). Two surveys were conducted. A mail survey gained responses from 706 members of four Sydney clubs, using a purposeful stratified sampling technique. An on-site survey in six Sydney clubs yielded 248 responses, using convenience sampling.

Key conclusions included the following:

- The problem and borderline problem gamblers were more aware of some responsible gambling measures than non-problem gamblers, specifically the club's policies prohibiting the provision of credit for gambling, that personal cheques cannot be cashed at the club, and that large poker machine winnings cannot be paid all in cash. However, they were also more likely to have seen advertising or promotions by their club that they consider

irresponsible. No differences were found in the perceived adequacy of responsible gambling measures when compared by problem gambling category. However, the responsible gambling practices in the clubs were self-reported to have changed the way about half of problem and borderline problem gamblers think about their gambling; changed the way about one-quarter of problem gamblers and one-sixth of borderline problem gamblers feel about their gambling by making it less enjoyable; and influenced about one-quarter of problem and borderline problem gamblers to reportedly gamble less often, to usually gamble for a shorter time and to spend less when they gamble.

- However, gambling problems were prevalent amongst the club patrons. While the sample was non-random, it is of great concern that two-fifths of patrons who happened to be on club premises and agreed to participate in the on-site survey had experienced problems with their gambling in the previous 12 months.
- There was a tendency amongst some clubs to adhere to only the minimum responsible gambling requirements. Voluntary practices that transcend the law were less widely practised. Many of these related to the environment in gambling areas, including having windows, adequate lighting, and encouraging breaks in play. Others related to promotions that provide strong inducements to gamble. Another was signage on self-exclusion and local counselling services. Clearly, without the incentive of legislation, some responsible gambling practices will be ignored by some gambling venues.
- Further, some clubs appeared to not comply with some legal obligations in responsible gambling, specifically relating to allowing minors and intoxicated people in gambling areas. Yet, these are measures that respondents considered very important in encouraging responsible gambling.
- Given the above points, there remained quite some scepticism amongst the respondents about whether the clubs were truly embracing responsible gambling and practising effective patron care. While many responsible gambling measures had been implemented, other venue practices were perceived as very much against the spirit of responsible gambling (e.g. promotions, ATMs very close to gaming areas, gambling room features that discourage responsible gambling), and therefore detracting from the positive efforts made.
- There was widespread concern amongst club patrons about problem gambling and they generally supported the responsible gambling efforts so far. However, they also felt much more could be done by both gambling venues and governments. Gaming machine design is certainly an area where people felt improvements could be made.
- While this community concern remains, there is a need for further evidence of the effectiveness of current responsible gambling measures and research into ways that these measures might be improved.

The full research report is available at: http://www.olgr.nsw.gov.au/rr_ama_2003.asp

Associated papers comprise:

Hing, Nerilee (2004). The efficacy of responsible gambling measures in NSW clubs: The gamblers' perspective. *Gambling Research*, 16(1), 32-46.

Hing, Nerilee (2005). Giving the gamblers a voice: The perceived efficacy of responsible gambling practices in NSW clubs. *Gambling Research*, 17(1), 53-69.

3. 'Under the Radar: What Responsible Gambling Legislation Doesn't Prevent', *National Association for Gambling Studies 17th Annual Conference, 15-17 November 2008, Cairns* (Nerilee Hing). This paper presented a case study of responsible gambling practices at one large club, drawing on interviews with patrons, frontline and supervisory staff. It illustrated that legal compliance alone does not guarantee social responsibility in the provision of gambling services. While operating within the law, the club was characterised as a venue focused almost exclusively on promoting gambling and heavy gambling, where gambling problems amongst patrons were reportedly widespread, and where predatory practices, unsavoury incidents and gambling syndicates were commonplace. While the practices discussed in the paper were specific to one club, they highlight broader concerns about the effectiveness of responsible gambling legislation to achieve its aims. While the

legislation may be underpinned by good intentions, this paper demonstrated that it still leaves much opportunity for its requirements to be rendered largely ineffective.

Findings relating to each responsible gambling measure are summarised in some detail below as the paper is not yet publicly available:

- *Signage* was overwhelmingly considered ineffective, because stickers on machines are in such small print that older people have difficulty reading them, people generally do not read signs, and they are lost amongst the colour and movement on the gaming floor. Signage was seen as there to meet requirements of the law and no more.
- *Self-exclusion* was considered a good option, but seemed inconsistently applied. The self-exclusion documentation stated a minimum exclusion period of 12 months, yet most staff thought it was for 2 years, with one duty manager advising patrons that exclusion was for life, at which point 70-80% changed their minds about self-excluding. Additionally, the club signage stated that patrons can be excluded from nominated club areas, whereas the documentation stated that self-excludees cannot access any club areas, 'not even for dinner'. There was also much scepticism about effective monitoring for breaches of self-exclusion, given the number of self-exclusions (reportedly in the hundreds), the small passport-size photos, their unavailability to floor staff, and their location in a folder in the security office.
- *Gaming promotions* were reportedly minimal at this club. However, the Rewards Club and loyalty system were criticised for providing undue encouragement to gamble and for 'cultivating a community of big gamblers'. One staff member saw this 'cut price gambling' as 'the biggest issue', where 'the more they spend the more we give them, constantly rewarding the behaviour'. Others saw it as potentially open to future litigation, as a patron could contend that 'you have encouraged me to gamble and now I want it back'.
- *The gaming environment*. This was criticised for having very limited seating, encouraging patrons to sit at a machine and preventing people from getting away from the machines. One staff member noted that, as 'gambling is the core business, there is not much seating as it (the club) needs to encourage people to play machines'. One patron contended that management had deliberately removed seating to stop people drinking, socialising and distracting machine players. The gaming room was criticised for being too cluttered, making it very difficult for two or more people to play one machine together, thereby encouraging everyone to each play a machine. There was very little other seating, again encouraging patrons to sit at a machine.
- *Drink service to the gaming machines* was seen as encouraging players to stay at machines. One staff member commented that it is 'easier to get a drink while still playing a machine than to queue at the bar'. It was also noted that soft drinks and coffee were priced 40-50 cents cheaper at the machines than at the bar. Drink service also means that 'staff can't keep track of intoxication levels'.
- *Reserving machines*. The limit of 3 minutes on reserving machines was seen as discouraging breaks in play, as this was not long enough for a toilet break or to get something to eat. One duty manager also explained that players are deterred from leaving a machine because ticket printers now enable anyone to collect winnings on an unattended machine, even if reserved.
- *Game and machine design*. \$50 and \$100 note acceptors were criticised, and large jackpots. If jackpots were smaller, noted one staff member, then 'players wouldn't ... try and win them by playing for so many hours'. Vouchers for machine payouts were also temptation to keep playing and possibly losing a win, because 'they don't want to get up and go and cash in the voucher'. Further observations related to the ticket in-ticket out machines, that 'it doesn't feel like you're spending the money' and 'it makes it easier to keep playing'. One patron commented it is 'the worst thing in the world' as it is 'too easy to put the ticket into the next machine'.
- *Cash payment of winnings*. The increased cash payment from \$1,000 to \$2,000 was criticised by some as 'going against the spirit of responsible gambling', with one staff member contending that 90% of players put the winnings straight back in. Another noted that 'a lot take the maximum cash amount, take the cheque and cash it at money lenders, no questions asked'.

- *Responsible gambling training.* Most staff and duty managers interviewed had been working at the club for over 10 years so their most recent responsible gambling training had been 5 or 6 years ago when it became mandatory. No refresher courses had been conducted, despite changes in legislation and gaming technologies. Newer staff had been trained more recently, but because they must be trained before commencing work, the value of that training was limited, with no practical experience or context to make it meaningful, and no awareness of the complexity and diversity of situations they were likely to encounter.
- *Children.* Some were critical that children could easily see and hear the gaming machines from the club restaurant, and others felt that the video-type games in the children's area, which all required money to be inserted, were acculturating children to gaming machines. Another commented that 'people come in and lose track of time. They forget to pick up their kids. Children are left in the amusement centre'.
- *Gambling syndicates.* A major concern for all three groups of interviewees were several gambling syndicates operating in the club, adding to its perception as a 'gambling den'. One patron, a member of the club for 30 years, had worked for one of these syndicates for 9 years and explained their operation. The syndicates target linked jackpots when they are close to their maximum (e.g. at \$4,900 for a jackpot that must go off before \$5,000). They each have between six and ten club members working for them, who are at the club when it opens to ensure they have all linked machines covered. The syndicate boss then finances them to play until the jackpot is won. The 'workers' share 10%-20% of the profits from that jackpot and the syndicate boss keeps the rest. This patron contended that his boss earns around \$9,000 per week from the syndicate. Not surprisingly, non-syndicate members were extremely disgruntled about this, and staff and middle managers felt they could not do anything to stop it, as it was not illegal and not against club rules.

The case study demonstrated that it is possible for a venue to adhere to responsible gambling regulations, yet fail to effectively implement certain measures or to have their effectiveness circumvented in other ways. Given that the jurisdiction in question has some of the most stringent responsible gambling legislation in Australia, it paints a sorry picture in terms of outcomes for gamblers, their families and the wider community.

4. An Assessment of the Efficacy of the Queensland Responsible Gambling Code of Practice in Queensland Hotels, Clubs and Casinos 2002-03 (Helen Breen [CI], Nerilee Hing and Jeremy Buultjens). Funded by the then Queensland Office of Gaming Regulation, this qualitative study interviewed 50 managers and staff from 30 Queensland gambling venues in urban, regional and remote areas on their implementation of the Queensland Responsible Gambling Code of Practice, identifying associated challenges and facilitating mechanisms. Key findings included the following:

- Facilitating factors assisting compliance with the Code included staff training, education and development in responsible gambling, industry association and member commitment to the Code, understanding the philosophy underpinning the Code, adequate support materials and resources, some practices with legislative overlap, prior experience with responsible gambling in other state systems, regular audits, and strong links with community support networks.
- Impediments hindering compliance with the Code included high staff turnover, low levels of staff training and education in responsible gambling, not being a member of an industry association, managerial apathy, being in a remote location, being a busy owner-manager, and not receiving a copy of the Code and other responsible gambling materials.

Associated papers comprise::

Breen, Helen, Jeremy Buultjens and Nerilee Hing (2005). The responsible gambling code in Queensland: Implementation and venue assessment. *Gaming Research and Review*, 9(1), 43-60.

Breen, Helen, Nerilee Hing and Jeremy Buultjens, (2005). Evaluating implementation of a voluntary responsible gambling code in Queensland, Australia. *eCOMMUNITY: International Journal of Mental Health & Addiction*, 3(1), 3-13.

Breen, Helen, Jeremy Bultjens and Nerilee Hing, (2006). Implementing responsible gambling practices in a regional area. *Journal of Hospitality and Tourism Management*, 13(1), 23-43.

Breen, Helen, Jeremy Bultjens and Nerilee Hing, (2006). Responsible gambling practices in outback QLD: Distinctive challenges in a remote location. *Journal of Economic and Social Policy*, 11(1), 45-71.

Breen, Helen and Nerilee Hing, (2008). An evaluation of the implementation of a responsible gambling code of practice at the Gold Coast. *Tourism Review International*, 11, 349-364.

5. Assisting Problem Gamblers in QLD Gaming Venues: An Assessment of Responses Provided by Frontline Staff, Customer Liaison Officers and Gambling Support Services to Problem Gamblers in the Venue (2008-09) (Nerilee Hing [CI], Lewis Bizo, Elaine Nuske). Funded by the Queensland Office of Liquor, Gaming and Racing, this project examines how, and how appropriately, frontline staff and customer liaison officers respond to and assist patrons with gambling problems in Queensland gaming venues, and how venues interact with local gambling help services to provide this assistance. It also identifies gaps in relevant staff skills, knowledge and responsible gambling training, any other facilitators and barriers to providing appropriate assistance, and best practice examples. This project is due for completion in mid-2009.

6. Assisting Problem Gamblers in South Australian Gaming Venues (2008-09) (Nerilee Hing, Sharen Nisbet). Funded by the Independent Gambling Authority, this project is replicating the Queensland project above, but in South Australia. It is due for completion in September 2009.

Commentary

Since the last Commission inquiry in 1999, numerous harm minimisation measures have been introduced in Australian gaming venues. However, it is possible for a venue to adhere to current responsible gambling regulations and codes of practice, yet fail to effectively implement certain measures or to have their effectiveness circumvented in other ways. For example:

- A venue can display the regulated signage, but its effectiveness is undermined if the lettering makes it extremely difficult to read, if patrons do not notice it, if they become habituated to it, or for non-English speakers if it is only provided in English. This is the case in some venues and some jurisdictions.
- Signage can urge players to gamble only within their means, but this can be difficult when ATMs allow an unlimited number of withdrawals, when machines in some jurisdictions accept \$100 notes, and when ticket or card technologies make it easier to lose sight of the value of money and to keep playing rather than line up at the cashier.
- Signage can encourage players to seek help for gambling problems, but this may be a very difficult step if staff have been discouraged from taking an interest in patron wellbeing and told not to intervene, if ticket and card technologies reduce staff interaction with patrons, and if patrons feel they will not be treated with genuine concern.
- Messages for people to stay in control of their gambling are undermined if there are substantial numbers of problem gamblers in the venue. Where a venue becomes a community of problem gamblers, heavy gambling becomes normalised for patrons.
- Appropriate procedures can be established for patron self-exclusion, but if patrons are not aware of it or have been misinformed about its requirements, they are unlikely to take this option. They will also be deterred if the requirements are too stringent, for example a barring for life or from all areas of the venue. Where patrons do proceed with self-exclusion, failure to adequately monitor and enforce breaches undermines its intent.
- Efforts to discourage patrons from spending all their gambling winnings by limiting cash payments are thwarted if winners' cheques can be immediately cashed by nearby money lenders.
- Gambling promotions, rewards clubs and loyalty systems still provide inducements to gamble, build status around big gamblers and encourage high expenditure, frequent

gambling and long playing sessions. Many gambling promotions encourage patrons to stay for long hours in the venue waiting for a prize draw.

- Signage can encourage patrons to gamble only for fun and not for money, but large jackpots and the profits made by gambling syndicates and their 'workers' reinforce the potential financial gains from gambling.
- Moving ATMs away from gaming areas can force people to take a break in play, but other venue features discourage this - including 3 minute limits on reserving machines, drink and food service to machines, and technology that allows anyone to collect from a machine in the player's absence. Lack of other activities or entertainment, insufficient seating and limited areas in venues to escape the gambling facilities can also discourage players from leaving machines.
- Allowing children in selected venue areas might mean they are not left alone or in cars, but it also exposes them to gambling if these activities are visible. If there is no requirement for parent supervision, then these children's areas become 'free' babysitting services for gamblers.
- Staff can be trained in responsible gambling, but this is only effective if their resulting knowledge is accurate, contextualised and remains current, and is supported by clear procedures and a supportive management culture.
- A variety of pre-commitment measures is now in use overseas (e.g. via card-based gambling). However, their implementation has been minimal in Australia, although some jurisdictions (e.g. SA, Qld) are currently conducting trials of card-based systems. It would logically seem that such a system would need to be compulsory for it to be effective as a harm minimisation tool for those most in need.
- Compulsory use of cards would also solve the problems around monitoring breaches of self-exclusion orders and the resistance in some jurisdictions to area-wide self-exclusions. It is just too hard, emotionally draining and time-consuming for problem gamblers to go to individual venues and self-exclude from each. This also necessitates them going back into the very environment which they are trying to avoid.
- Minimal attention has been given to harm minimisation at the player-gaming machine interface. Research is urgently needed on the influence of gaming machine characteristics (e.g. bet limits, reel spins, bonus features, payment schedules, note acceptors, etc) on playing behaviour and the development and maintenance of problem gambling.
- Research is urgently needed into the efficacy of existing harm minimisation measures and we are pleased to see that the Commission will be conducting research into this.

Gambling by Gaming Venue Staff

The CGER has conducted three studies into gambling by gaming venue staff. These represent the first and only studies in Australia to examine the gambling behaviour of gaming venue staff, and the first worldwide to examine *how* working in a gaming venue influences this behaviour. Key conclusions which can be drawn from this research stream are as follows:

- Gaming venue employees appear to have substantially higher rates of gambling problems than found in the general population. All published international studies which have measured gambling problems amongst gaming venue employees have also found heightened levels of problem gambling (Shaffer, Vander Bilt & Hall 1999; Shaffer & Hall 2002; Lee et al. 2008; Wu & Wong 2008). Thus, there seems little doubt that gaming venue employees are an at-risk group warranting attention and interventions.
- Venue staff are easily accessed with interventions that are readily implemented to help protect both them from gambling-related harm and their employers from the ramifications of having problem gamblers on staff. As such, extending existing responsible gambling efforts beyond the current focus on patrons to also include employees represents a further opportunity for gambling industries to demonstrate their commitment to responsible gambling. This may also contribute to more effective delivery of responsible

gambling to venue patrons, provide a safer working environment, help to optimise job performance and enhance cash security in gambling venues.

- However, potential interventions for gaming venue staff have not yet been evaluated for their effectiveness in reducing gambling problems. Research is needed in this area.
- The link between working in gaming venues and heightened levels of gambling problems is also informative when considering the influence of exposure to gambling and gambling problems. As Shaffer and Korn (2002:188) explain, 'if gambling is the cause of adverse health, then those with the greatest gambling exposure should experience more health problems than those with less exposure'. Thus, 'studying gambling industry employees might serve as an important harbinger of gambling patterns that others will experience if gambling becomes even more widely available than now' (Shaffer & Korn 2002:188).
- Thus, a better understanding of the role of exposure in determining gambling patterns in a population can inform public policy decisions about, for example, expanding or constraining the supply of gambling, the provision of adequate treatment services for problem gamblers and the need for other public health interventions. Our studies on gambling by gaming venue employees contribute to this understanding.

The three CGER studies on gambling by gaming venue staff are now summarised.

1. Gambling by Employees of Queensland Gaming Venues (2005-06) (Nerilee Hing [CI] Helen Breen). Funded by the then Queensland Office of Gaming Regulation, this research conducted around 200 exploratory interviews with gaming venue employees, employers, industry associations, problem gambling counsellors, their clients, and the key employee union to examine the gambling behaviour of Queensland gaming venue employees and how aspects of their workplace might influence that behaviour. It also explored how gaming venues might provide a work environment conducive to responsible gambling amongst employees. While exploratory in nature, this research was able to reach a number of conclusions:

- First, staff who work in gaming venues appear an at-risk group for developing gambling problems. This conclusion was based on the qualitative data and also on a small pilot survey of 56 employees. When compared to results from the *Queensland Household Gambling Survey 2003-04* (Queensland Government 2005) the rate of problem gambling amongst the staff (8.9 per cent) was 16 times higher than the Queensland adult population, moderate risk gambling (19.6 per cent) was ten times higher, and low risk gambling (16.1 per cent) was triple the state average.
- Second, this risk for some staff stems from a variety of factors relating to working in a gambling environment that heighten their propensity to gamble, their accessibility to gambling and their receptivity to gambling marketing and promotions, and that compound the negative outcomes and consequences of their gambling. In all, 81 reasons why working in a gaming venue may have an encouraging influence on staff gambling were identified by the participants.
- Third, numerous workplace factors also protect some staff by deterring them from gambling, by lowering their propensity to gamble, by building immunity to the appeal of gambling products and services, and by minimising harmful outcomes from gambling. In all, 37 reasons were given by the interviewees for why working in a gaming venue potentially discourages gambling by some gaming venue staff.
- Finally, the participants identified several measures that venues can implement to better encourage responsible gambling and discourage the development and maintenance of gambling problems amongst their staff. These can be grouped into measures relating to no staff gambling in the workplace, more responsible gambling staff training, assisting staff with gambling problems, promoting a stronger culture of responsible gambling, limiting access to cash in the workplace and promoting staff wellbeing.

The full research report is available at:

<http://www.olgr.qld.gov.au/resources/resGambling/index.shtml>

Associated papers comprise:

Hing, Nerilee and Helen Breen (2005). Gambling amongst gaming venue employees: Counsellors' perspectives on risk and protective factors in the workplace. *Gambling Research*, 17(2), 25-46.

Hing, Nerilee and Helen Breen, (2006). Workplace factors that encourage and discourage gambling amongst gaming venue employees: An employees' perspective. *Gambling Research*, 18(2), 7-32.

Hing, Nerilee and Helen Breen, (2007). Workplace factors that encourage and discourage gambling amongst gaming venue employees: A managers' perspective. *International Journal of Mental Health and Addiction*, 5(4), 346-366.

Hing, Nerilee and Helen Breen, (2008). How working in a gaming venue can lead to problem gambling: The experiences of six gaming venue staff. *Journal of Gambling Issues*, 21, pp. 11-29.

Hing, Nerilee and Helen Breen, (2008). Risk and protective factors relating to gambling by employees of gaming venues. *International Gambling Studies*, 8(1), 1-23.

Hing, Nerilee and Helen Breen, (2008). Gambling problems among gaming venue employees: A preliminary survey. *The Journal of Occupational Health and Safety*, 24(4), 329-341.

2. A Quantitative Analysis of Workplace Influences on Responsible Gambling and Problem Gambling Amongst Employees of Queensland Gaming Venues (2006-07)

(Nerilee Hing [CI]). Funded by the then Queensland Office of Gaming Regulation, this project built on the previous study and conducted a quantitative survey-based analysis of the gambling behaviour of employees in Queensland gaming venues and how aspects of their workplace might influence that behaviour. A survey of 511 staff of Queensland hotels, clubs and casinos was conducted. Key findings were:

- When compared to the *Queensland Household Gambling Survey 2006-07* (Queensland Government 2008), the staff problem gambling rate was 9.6 times higher, the staff moderate risk rate was 6.4 times higher and the low risk rate was 3.0 times higher than the Queensland average.
- Five risk factors were statistically related to the development of gambling problems amongst the staff - workplace motivators to gamble, influence of work colleagues to gamble, workplace triggers to gamble, limited social opportunities, and familiarity and interest in gambling. Two protective factors were inversely related to the development of gambling problems amongst the staff – knowledge of responsible gambling and influence of work colleagues to not gamble. In relation to addressing gambling problems, one factor – discouragement to address a gambling problem – distinguished the problem gambler group from the other CPGI groups. One factor – encouragement to address a gambling problem – provided some protection for staff against failing to act on serious gambling problems. These results represent the first empirical attempt to quantify these factors and their relationships with gambling problems.
- 18 venue measures were considered potentially effective by the staff respondents in lowering the risk of developing a gambling problem and addressing a gambling problem amongst staff.

The full research report is available at:

<http://www.olgr.qld.gov.au/resources/resGambling/index.shtml>

3. Testing the Link Between Accessibility and Gambling Problems (2007-09)

(Nerilee Hing [CI], Sharen Nisbet). Funded by the Victorian Office of Gaming and Racing, this project tested the link between accessibility to gambling and the prevalence of problem gambling by conducting a 'natural experiment' to compare the gambling behaviour and prevalence of problem gambling amongst three populations with varying access to gambling – (1) gaming venue staff who can gamble in their workplace and thus have very heightened access to gambling; (2) gaming venue staff who cannot gamble in their workplace and so have lesser access to gambling; and (3) the general population of Victoria. The research report is complete but not yet released, so the results cannot be discussed here.

It is expected the report will soon be available at:

<http://www.justice.vic.gov.au/wps/wcm/connect/DOJ+Internet/Home/Gambling+and+Racing/Research+and+Statistics/>

Regulation and Policy

Steve Toneguzzo is an Adjunct Fellow with the CGER. He is an international expert on gambling technologies and risk management. His views on policy, regulation, commerce and the societal implications of gambling industry developments are widely sought, both nationally and internationally, and have been presented in papers, presentations, testimony at Senate hearings, interviews, public debates and various other references from North America, Africa, Europe and Asia. Steve was a co-author of the original Australia/New Zealand gambling technology standards and he has written internet gambling policy documents and regulatory frameworks for several governments around the world, including Alderney, South Africa and the Northern Territory¹.

Some of Steve's papers that are of relevance to this Inquiry are:

Toneguzzo, Stephen, (2007). Gambling technology and regulatory challenges. *International Gambling Studies*, 7 (2) 255–273.

Toneguzzo, Stephen, (2002). Where does the Australian gaming industry stand from an international perspective? *10th Annual Casino & Gaming Conference*, Gold Coast, Australia. 4-5 March.

Toneguzzo, Stephen and Keith Copher, (2006). Gambling regulation: The case for managed risk. *Proceedings of the Gaming Industry & Public Welfare Conference*, Peking University, Beijing 100871, China. ISBN: 99937-58-26-4.

Technology/Internet Gambling

Our discussion here entails some commentary, along with key findings of a study of responsible gambling features on internet gambling sites.

The *Interactive Gambling Act 2001 Cth* (IGA) prohibits domestic and offshore providers advertising or providing interactive gambling services to customers located in Australia. Prohibited services include online poker machines and casino games, with a complaints scheme for breaches. Key exclusions from the IGA include telephone betting, online betting on races and sports before events commence, and most online lotteries.

However, attempts to block Australians' access to online casinos have been unsuccessful. While a review found the IGA has effectively curtailed unbridled expansion of the Australian online gambling industry (DCITA 2004), Australians still gamble with prohibited offshore services. The Allen Consulting Group (2003) found that 10% of Australians gambling online in 2002-03 accessed prohibited sites, while online casino gambling participation increased amongst online wagering bettors and account holders from 4.9% to 13.6% over the 12 months from 2001-02 (Woolley 2003). Given the rapidly changing ecommerce environment, these findings are now outdated. With increased access to the internet and usage of ecommerce in general, the uptake of online gambling will surely continue to increase.

This is great concern because, despite prohibition, online gambling services are widely available and easily accessible to anyone with an internet connection and the means to electronically transfer money. Although estimates vary, rapid market growth is undisputed. Since the first online gambling site opened in 1995, 465 companies now operate around 2,500 sites globally (Wood & Williams 2007). Revenues (after payments to players) are predicted to double from US\$12bn in 2005 to \$24bn in 2010 (CCA 2005). In Australia, only

¹ World's first regulated internet gambling market and genesis of internet gambling internal controls and technical standards adopted around the globe.

Lasseters was licensed to provide an online casino service, and only to non-residents. However, it closed its online services on 3 October 2008.

The IGA has not prevented Australians from accessing online gambling services. They simply access them offshore in an often unregulated environment. While Australians are not acting illegally in *accessing* these services, their use of *illegally provided* sites poses risks to security and social protection. In a borderless e-commerce context, the IGA is powerless to enforce prohibition. The future of effective online gambling regulation lies in addressing cross-border challenges and in better protecting Australians.

In 2008, the CGER wrote an **ARC-Linkage Grant application** to examine these issues. The proposed project aimed to analyse domestic and international regulation of online gambling, its capacity to optimise social protection, security and enforcement, and resolve cross-border issues of jurisdiction, taxation and trade. It also aimed to develop an innovative model to inform the future debate and direction of Australian online gambling policy in particular, and e-commerce policy in general. Unfortunately, the industry partner on the grant was unable to proceed due to significant resourcing issues accompanying the current economic situation, so the grant application was not lodged. Yet, research into these issues is necessary for improved online gambling regulation in Australia. The CGER is currently seeking other partners to enable this project to proceed and would welcome any suggestions from the Productivity Commission.

Kapcelovich, S. (2009). *Provision of Responsible Gambling Features within Online Casino Websites*. Paper presented at the National Association for Gambling Studies Conference, Adelaide. The lack of social protection in internet gambling is demonstrated by a study conducted by an Honours student in the CGER, and presented at the 2008 National Association for Gambling Studies Conference.

This study aimed to examine the extent of responsible gambling features available within online casino sites that are accessible to consumers located in Australia. It did this by comparing a selection of responsible gambling features provided by a sample of online casino websites (n = 30) with relevant measures outlined by the *International Responsible Gambling Code of Practice* (2007). This Code is endorsed by GamCare, eCogra, Remote Gaming Association, European Interactive Gaming & Betting Association and Interactive Gaming Council. The 30 sites were selected systematically (every 25th site of a list of 604 sites that accept Australian players, available at casinocity.com). The selected sites encompassed 19 international jurisdictions and 21 international software providers.

Key findings are presented in some detail here as the paper is not publicly available as yet:

- Age restriction features. While almost half of the sites (46.7%) did not provide a +18 sign on their homepage, 27 (90%) sites supplied information regarding the illegality of underage gambling. This was predominately in the Terms and Conditions or FAQs pages which stressed it is the responsibility of the player to determine age restrictions in their own jurisdiction. Nearly two-thirds of the sites gave no indication of having an age verification system other than a requirement to tick a box or enter a birth date at the point of player registration. Most say they *may* ask for proof of age at any time, but do not state what form of identification is required. But most sites stated that proof of age will be required when withdrawing funds. This suggests these sites might accept deposits and allow play despite age restrictions, but can then confiscate the funds of the same consumers. One site showed no features regarding underage gambling at all. The fact that 25 sites (83%) had a Legal Disclaimer regarding underage gambling indicates limited concern for protecting children and adolescents.
- Problem gambling features. Overall the sites offered only 39% of the problem gambling protection measures in line with the International Code of Practice. More specifically, 13 (43%) sites had a link to a Responsible Gambling page, 16 (53.3%) gave advice and links to gambling help agencies, 7 (23.3%) sites provided a direct link to a self assessment facility, 12 (40%) presented an indirect link to this feature through a help service, and 7 (23.3%) had a clear RG policy.
- Self-exclusion features. Only 11 of the 30 sites (37%) offered an opportunity to self-exclude, confirming there is little pre-registration evidence of this feature being available.
- Player accounts and game rules features. Only 7 sites (23.3%) provided a clear player account policy, 11 (36.6%) offered account history details, and 11 (36.6%) allowed player

generated deposit limits. However, 27 sites (90%) provided game rules as it is essential to both the player and the operator to supply comprehensive information in respect to game rules and player payouts.

- Advertising and promotions. While 6 sites (20%) displayed an eCogra Logo, only 5 of these (16.6%) were linked to an eCogra Approval Certificate and/or Audit. The other was not linked to anything and it is assumed the eCogra logo may not have been provided by them at all. Being an ideal incentive to attract players and of huge benefit to the operator, bonuses and promotions were offered in some form by every site. However, the recommended provision of promotion terms and conditions were available only on 53.3% of the sites. Further, some promotions were linked to porn sites.
- Licensing and jurisdiction. 15 sites (50%) provided details of licensing and jurisdiction on the homepage, 29 (96.6%) provided details in other pages, but 1 site (3.3%) gave no details of licensing or jurisdiction. Some sites give conflicting information.
- Payment methods. Consumers seeking trustworthiness first search for a reputable payment system logo and as this is also of utmost importance to the operator, it is not surprising that 83.3% of the sites presented this information on the Homepage. 96.6% also include links to these payment providers' individual websites.
- Customer communication. 27 sites clearly displayed contact numbers on the homepage. However, as only 11 sites also provided Help Services contact details, it becomes evident the concern here is for technical support rather than for problem gambling. '24/7' telephone and email support is undoubtedly crucial for the operators and the consumers to quickly rectify any technical difficulties a player may experience. This is of more importance to the operator as delays in play will cost them income.
- In summary, there were 43 responsible gambling features assessed from 30 websites giving 1290 possible 'responses' overall. The result was that only 45.1% of these 1290 responsible gambling features were provided over the 30 sites.
- Only 9 sites (30%) provided more than 50% of the recommended responsible gambling features, and most of these were UK regulated sites. An audit of the Lasseter's website before it closed revealed that it had credibly provided 74.4% of the required features of the Code.

Commentary

It is clear that Australians can easily gamble on online casino sites despite the illegality of their provision under the IGA. It is also clear that the IGA's attempts at prohibition are essentially unenforceable. Further, the social protection offered by these illegally provided sites are typically minimal and far inferior to the responsible gambling features provided by land-based venues. Thus, online gambling in this illegal environment can be a far riskier activity than land-based gambling in a regulated environment. Further, regulated sites in the UK and previously in Australia were found to offer far more responsible gambling features than the other sites. This suggests that Australian regulation of online gambling, rather than the current unenforceable prohibition, should lead to better social protection for players.

Adjunct Fellow, Steve Toneguzzo, has also written several papers on social protection and risk management in internet gambling. He is past Chairman and Founding Director of several international gaming associations and the *International Responsible Gambling Code of Practice* (2007) is based largely on his work. His papers relating to internet gambling (post-1999) are:

Toneguzzo, Stephen, (2002). E-gambling regulatory compliance. *World Internet Gaming Summit*, Miami, Florida, 21-22 April.

Toneguzzo, Stephen, (2002). Internet gambling - International perspective. *2nd South African Gambling Conference*, Sun City Resort, South Africa, 18-19 April.

Toneguzzo, Stephen, (2001). Technologies for the regulation of online gambling. *3rd National Gambling Conference*, Australian Institute of Criminology and Australian Institute for Gambling Research, Rex Hotel, Sydney.

Influence of Gaming Machine Characteristics on Gambling Behaviour

John Haw completed his PhD thesis *An Operant Analysis of Gaming Machine Play* in 2000 at the University of Western Sydney. He is now a research fellow with the CGER.

His PhD research contained two large quantitative studies examining a number of structural characteristics of Australian poker machines. A unique aspect of this study was the utilisation of player tracking data, which was accessed via support from Aristocrat Leisure Industries and several clubs in Sydney, NSW.

- The first study examined aggregated player data from over 1000 poker machines. Machine characteristics such as the denomination (e.g., 1 cent, 2 cent), the number of pay-lines, the bet multiplication, bill acceptor, linked jackpot, and age of machine were examined in relation to stake size and net profit. It was found that the denomination, pay-lines, bill acceptor and machine age were significant predictors of expenditure. This finding provided a foundation for the theoretical discussion of individual player behaviour encompassing both learning and cognitive paradigms.
- The second study examined the expenditure patterns of 533 individual players using player tracking data provided by a club in Sydney, NSW. Both stake size and net loss were used to measure player expenditure and the results indicated that there was great variance in player stake size and net loss between machines. The results for stake size indicated that machine characteristics of denomination and the maximum number of pay-lines were able to account for a significant amount of player variance. The strengths of these structural effects varied between players and this was not reliably related to player history. That is, the more experienced players were not showing a stronger 'machine characteristic – stake size' relationship than the less experienced players. For the net loss measure of expenditure the evidence for structural effects was generally weaker. Of the four variables examined (bill acceptor, machine age, denomination and pay-lines) significant, but very small effect sizes were found. The largest was for the bill acceptor variable which was able to account for 1.4% of the variance in player net loss. Again, there was substantial variation between players in the size of relationship between machine structural characteristics and net loss, but this variance was not explained by player history.

Overall the results of these studies indicated that machine characteristics appear to more strongly predict the size of the bet than the overall player loss. However, there was great variance between players in the strength of the relationship which was not accounted for by the player's history.

Associated paper from this research:

Haw, J. (2008). Random-ratio schedules of reinforcement: The role of early wins and unreinforced trials. *Journal of Gambling Issues*, 21, 56-67.

John Haw has also completed research examining the relationship between reinforcement structures and gaming machine choice. The major finding of this research was that prior reinforcement, as measured by return rate, was a predictor of machine choice for some participants.

Associated paper from this research:

Haw, J. (2008). The relationship between reinforcement and gaming machine choice. *Journal of Gambling Studies*, 24, 55-61.

Psychological Predictors of Problem Gambling

In 2003, John Haw completed a study *The psychological predictors of problem gambling: A longitudinal study of at risk recreational EGM players* with Professor Mark Dickerson and Dr Lee Shepherd. This study was funded by the CCBF.

This study recruited 360 regular (twice weekly) gaming machine players who were required to complete a questionnaire five times over a 25 week period. The questionnaire contained measures of problem gambling along with various psychological tests. These measures were

all tested as part of Dickerson and Baron's (2000) model of impaired control in gaming machine play. Results indicated:

- Depression was both a predictor of concurrent impaired control and future impaired control. However, anxiety and stress were not.
- Social support was not found to be related to impaired control.
- A non-productive coping technique was identified for those participants with low levels of control over their gambling and a more productive 'dealing with the problem' approach is characteristic of those with greater control over their gambling.
- The personality trait, impulsivity was a significant predictor of impaired control. Excitement seeking was not.
- Alcohol use was not a significant predictor of impaired control.

The full report can be located at

http://www.olgr.nsw.gov.au/pdfs/Psych_Causes_of_Prob_Gamb.doc

Since this study, Dr. Haw has supervised two PhD students examining psychological aspects of gaming machine play. These include *The coping scale for gamblers – EGM's* (Lee Shepherd) and *The role of emotions and expectations in gambling behaviour* (Morten Boyer).

Cashless Gambling

The CGER has completed one study on cashless gaming and a second is in progress.

1. An Assessment of the Advantages and Disadvantages of Cashless Gambling Technologies in NSW (2004) (Sharen Nisbet). This study was a 1st Class Honours thesis that analysed the perceived advantages and disadvantages of cashless machine gambling in New South Wales to identify the key factors likely to affect its future provision and acceptance.

A first exploratory stage analysed advantages and disadvantages of cashless machine gambling from supply and demand side perspectives. A qualitative methodology comprised 20 interviews with key informants and analysis of relevant submissions to IPART's 2004 *Review into Gambling Harm Minimisation Measures*. Advantages for venues included increased security, marketing opportunities, improved customer service and a reduction in overheads through a decreased need for machine maintenance, and the ability to reduce wage costs associated with security and gaming floor staff. However, a reduction in gambling industry employees is disadvantageous not only to the individual affected, but also to the local economy and community; however, some venues noted that they would redeploy staff to other customer service oriented duties. Advantages for regulators included increased integrity for gaming machine operations through the added security and protection of taxation revenues that cashless systems facilitate. The main advantage for manufacturers of gaming machines and cashless systems is increased sales.

Key stakeholders perceived the demand side advantages and disadvantages less keenly, although improvements in customer service and convenience were acknowledged. Other interviewees suggested that card based cashless technologies had specific features that promoted responsible gambling. Therefore, the second stage of the research sampled gamblers' perceptions of card based gambling technologies through the design and administration of a structured questionnaire which was administered to 134 patrons of two NSW clubs with cashless systems.

Survey results showed that key advantages for players included that the player activity statement and PIN were useful features, and that the system was perceived as reliable, secure and easy to use. More than two-thirds of players indicated that they preferred to be anonymous when gambling. This is therefore a disadvantage, as card based systems do not permit anonymous play. Similarly, many players indicated they preferred to gamble with cash and coin. Although this was less than half of total responses, it was concluded that consumers seek choice in their gambling mode, and prefer a lack of compulsion to participate. The ability of card based technologies to facilitate responsible gambling was

widely touted by stakeholders. The proposition that card based systems assist gamblers to manage their spending was therefore tested in the questionnaire. Overall, the sample of respondents did not believe that card based gambling would help them manage their spending.

The questionnaire data were additionally analysed to identify the attributes of cashless gambling technologies that affect player acceptance of, and therefore intention to use, these systems. The results showed that security of money and reliability of the system were strong indicators of the perceived usefulness of the system. The findings confirmed that ease of use of card based gambling systems involved ease of operating machines, of moving between machines, of loading the balance and of processing a payout. Approximately half the respondents indicated they intended to use the technology, and two-fifths indicated their intention to use it exclusively.

The continued diffusion of these technologies will be largely determined by governments. Aside from the current responsible gambling imperative, the future of cashless gaming machine gambling lies in the degree to which consumers will adopt the technologies. Patrons will adopt the technology only if they perceive that it offers advantages relative to cash based transactions and that the system is reliable and secure. Venues that provision cashless technologies at both the machine interface and later at the point of sale will be able to leverage the advantages of these systems through improved customer convenience and service.

Associated papers comprise:

Nisbet, Sharen (2006). Modelling consumer intention to use gambling technologies: An innovative approach. *Behaviour & Information Technology*, 25, 221-231.

Nisbet, Sharen (2005). Alternative gaming machine payment methods in Australia: Current knowledge and future implications. *International Gambling Studies*, (5)2, 229-252.

Nisbet, Sharen (2005). Who benefits? Understanding the issues around card based gambling. *Gambling Research*, 17(1), 26-46.

2. Gaming machine payment systems and their influence on player behaviour (Sharen Nisbet). This research is a current PhD study. It aims to 1) document the development of gaming machine payment systems in New South Wales to explain how they might influence player behaviour; 2) investigate the adoption and diffusion of non-cash payment systems from the organisational perspective, 3) describe player knowledge, attitudes and practices associated with their use of non-cash payment systems, 4) propose a model of payment technology use-diffusion that integrates antecedents to use, actual behaviour and consequences of use, 5) compare player's use of cash, tickets and cards, 6) assess the influence of non-cash payment systems on the meaning and value players assign to gambling money, and 7) consider the ability of non cash payment systems to foster responsible gambling and reduce the incidence of problem gambling.

Other CGER Research Currently in Progress

Other CGER research currently in progress and not included above:

2008-09 The Influence of Venue Characteristics on a Player's Decision to Attend a Gambling Venue. Funded by Gambling Research Australia, this examines why gamblers choose to gamble where they do, and analyses venue characteristics to determine whether certain venue features are more or less likely to attract and/or maintain problem gamblers (Nerilee Hing [CI], Dr John Haw).

2008-09 Pseudo Underage Gambling Project. Funded by the NSW Office of Liquor, Gaming and Racing. This project examines current gambling industry practices in relation to people who clearly appear to be underage and who seek to engage in various gambling activities (Nerilee Hing [CI], Community Solutions).

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