

**The Submission of
the Government of South Australia to
the Productivity Commission Inquiry on Gambling**

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Government of South Australia

Department of Treasury
and Finance

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Glossary

AHA	Australian Hotels Association
CALD	Culturally and Linguistically Diverse
CBT	Cognitive Behavioural Therapy
CDSMAC	Community & Disability Services Ministers' Advisory Council
Commissioner	Liquor and Gambling Commissioner
CPGI	Canadian Problem Gambling Index
DFC	Department of Families and Communities
DECS	Department of Education and Children Services
DSM IV-J	Diagnostic and Statistical Manual, version IV, Juvenile Criteria
DTF	Department of Treasury and Finance
EGM	Electronic Gaming Machines
GRF	Gamblers Rehabilitation Fund
HES	Household Expenditure Survey
IGA	Independent Gambling Authority
IGC	Independent Gaming Corporation Ltd
IRGAA	Industry Responsible Gambling Agency Agreement
IRGA	Industry Responsible Gambling Agency
Minister	Minister for Gambling
NGR	Net Gambling Revenue
NWR	Net Wagering Revenue
OLGC	Office of the Liquor and Gambling Commissioner
OPG	Office for Problem Gambling
RGWP	Responsible Gambling Working Party
SACES	South Australian Centre for Economic Studies
SOGS	South Oaks Gambling Screen
SPB	State Procurement Board
TAB	SA TAB Pty Ltd

1 Introduction and Summary

This document is the submission of the Government of South Australia to the Productivity Commission's Inquiry on Gambling. It is a whole of Government submission that includes contributions from the following Government agencies:

- Department for Education and Children's Services;
- Department of the Premier and Cabinet;
- Department of Treasury and Finance (DTF);
- Independent Gambling Authority (IGA);
- Office for Problem Gambling (OPG), Department for Families and Communities; and
- Office of the Liquor and Gambling Commissioner (OLGC), Attorney General's Department.

This submission outlines the South Australian experience in the operation and regulation of lawful gambling. The submission relies heavily on the research and evaluation commissioned or undertaken by the Government agencies outlined above.

A literature review is not included with this submission. The IGA, however, does fund the preparation of the *Australasian Gambling Review* by Dr Paul Delfabbro. The current third edition covers research until June 2007.

This submission is set out under the following headings:

- Gambling activity in South Australia;
- Participation and profile of gamblers;
- Impacts of gambling;
- Taxation and regulatory arrangements;
- Consumer protection measures; and
- Government programs relevant to gambling.

A summary is provided below.

1.1 Gambling activity in South Australia

Section 2 of this submission provides up to date gambling sector activity statistics for South Australia.

In the last five years the growth rates of gaming machine net gambling revenue (NGR) have significantly slowed and become closer to the growth rates experienced elsewhere in the gambling sector. This suggests that the gaming machine sector has entered a mature growth phase.

The introduction of smoking bans in October 2007 resulted in a one-off impact that reduced NGR by around 15% compared to what would have been expected if the smoking bans had not been implemented. It is considered that this one-off impact of the smoking ban will have an ongoing underlying impact, rather than a short-term effect on NGR.

1.2 Participation and profile of gamblers

South Australia has conducted two gambling prevalence surveys since the 1999 Productivity Commission report. The most recent survey (2005) concluded that 70% of adult South Australians gambled at some time over the previous year. This has decreased from 76% in 2001. The most popular gambling activity was lotto (including other lottery games like Powerball, Pools, Super 66, or Lottery). Overall, 52% of the adult population played lotto in the previous year.

Gaming machines were played by 30% of the adult population at some time in the year previous to the survey date.

In South Australia in 2005, the rate of problem gambling, as measured by the Canadian Problem Gambling Index (moderate and high risk gambling), was 1.6% of the population aged 18 years or over. This rate is not considered to be different from that measured in 2001.

Section 3 of this submission provides more detail about the participation and profile of gamblers in South Australia.

1.3 Impacts of gambling

The IGA commissioned the South Australian Centre for Economics Studies (SACES) to prepare a report on *The South Australian Gambling Industry* which included a section on the impacts of gambling in South Australia.

While much of the background material contained in the SACES report is useful, the estimates of the costs associated with gambling and therefore the net benefit calculation cannot be relied upon. The SACES report derives an estimate of the prevalence of problem gambling in South Australia that is not validated by the Gambling Prevalence survey.

Section 4 provides more detail and background information about the South Australian gambling industry and its impacts.

1.4 Taxation and regulatory arrangements

Section 5 outlines the arrangements for taxation and regulation in South Australia.

South Australia's institutional arrangements broadly follows the Productivity Commission recommendations in the 1999 Productivity Commission Report. In relation to taxation, the ratio of total gambling revenue to total tax collections has broadly been in decline since 2000-01.

1.5 Consumer protection measures

South Australia has a mature and sophisticated regulatory regime that is applied to lawful gambling conducted in South Australia. In March 2009, this regime was extended to wagering services offered by interstate providers to persons located in South Australia. The amendments to the *Authorised Betting Operations Act 2000* provide a model for regulating lawful gambling services offered in a national market.

South Australia has implemented an approach which includes mandatory Codes of Practice made by the IGA. Increasingly, however, consumer protection initiatives are being implemented through co-operative industry-community based arrangements. Examples of this are Club Safe and Gaming Care responsible gambling agencies and the implementation of pre-commitment and player tracking trials.

Section 6 provides more details about South Australia's experience with consumer protection measures.

1.6 Government programs relevant to gambling

Both the Department for Families and Communities and the Department for Education and Children's Services offer programs relevant to gambling.

In relation to education, the Government's approach is to locate responsible gambling education in the Health and Financial Literacy curriculum areas.

The Department for Families and Communities is responsible for South Australia's Gambling Help Services. The Gamblers Rehabilitation Fund (GRF) funds a number of non-government and government gambling help services. These comprise regional services funded according to 12 State government regional boundaries and State-wide and Specialist services.

More detail is provided in section 7.

2 Gambling Activity in South Australia

This section of the submission addresses recent trends in net gambling revenue, with a particular focus on electronic gaming machines, since 1999, in clubs, hotels and the casino.

This section addresses the following topics:

- gaming;
- wagering; and
- smoking ban

2.1 Gaming

This section provides details about gambling activity in the following gaming sectors:

- gaming machines;
- casino table games; and
- commercial lottery products.

2.1.1 Gaming Machines

In the period since the last Productivity Inquiry in 1999, NGR from electronic gaming machines in clubs and hotels and the casino has moderated, see table 2.1.1 below. Strong annual growth was recorded in the early 2000s. Since 2003-04 growth has slowed with negative growth recorded in 2007-08, down 4.7%. Underlying NGR growth appears to have now settled at levels broadly consistent with growth in discretionary household consumption expenditure.

Table 2.1.1: Nominal NGR from Electronic Gaming Machines in Hotels, Clubs and the Casino

	Clubs and Hotels (\$)	Casino (\$)	Total (\$)	(% ch.)
99/00	485,987,892	21,830,362	507,818,254	-
00/01	543,469,562	39,535,510	583,005,072	14.8%
01/02	606,814,237	45,177,849	651,992,086	11.8%
02/03	669,075,502	49,185,403	718,260,905	10.2%
03/04	723,604,550	47,922,402	771,526,952	7.4%
04/05	749,251,480	50,885,380	800,136,860	3.7%
05/06	751,031,698	59,221,367	810,253,065	1.3%
06/07	792,620,277	62,942,285	855,562,562	5.6%
07/08	758,459,459	57,034,270	815,493,729	-4.7%

Source: OLGC

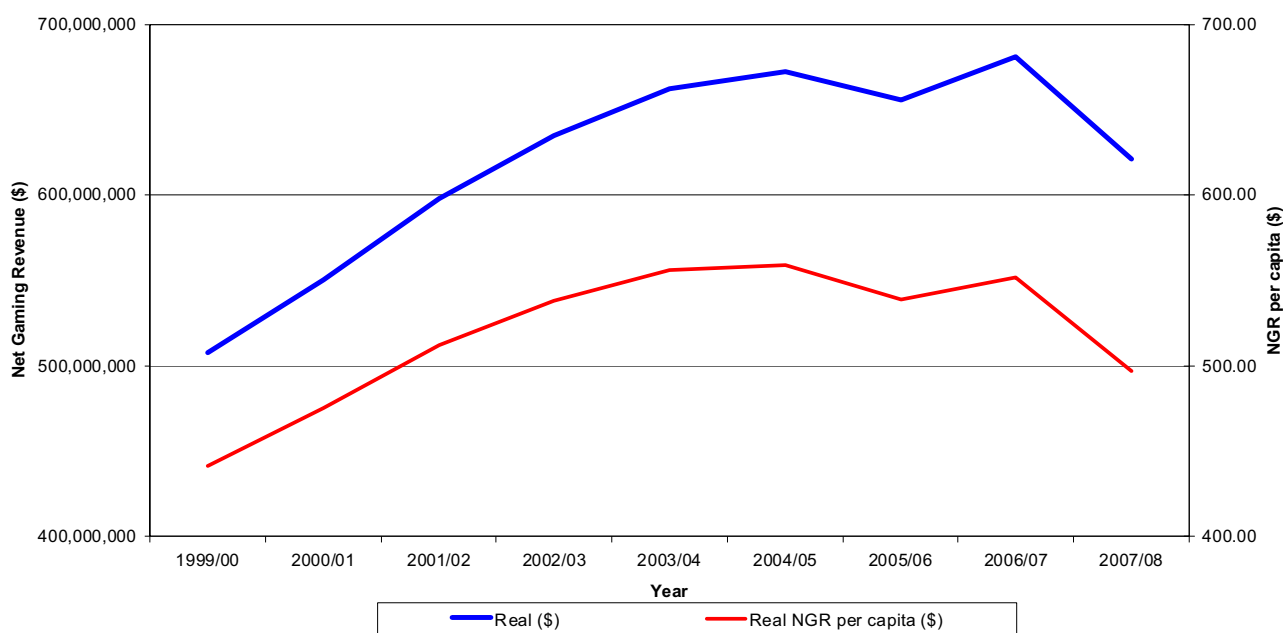
NGR adjusted for inflation and population growth in hotels and clubs has slowed significantly in recent years. Negative growth was recorded in 2005-06 and again most recently in 2007-08, down -3.6% and -10.0% respectively. This is shown on Table 2.1.2 and chart 2.1.1.

**Table 2.1.2: Real Net Gaming Revenue from Electronic Gaming Machines
(1999-00 base year)**

	Clubs and Hotels	Casino	Total (NGR)	Per capita		
	(\$)	(\$)	(\$m)	NGR % ch.	(\$)	Per capita % ch.
99/00	485,987,892	21,830,362	507,818,254	-	441.84	-
00/01	513,299,157	37,340,719	550,639,876	8.4%	475.66	7.7%
01/02	556,646,273	41,442,801	598,089,074	8.6%	511.91	7.6%
02/03	591,642,648	43,493,122	635,135,769	6.2%	538.33	5.2%
03/04	621,345,495	41,150,058	662,495,553	4.3%	556.36	3.3%
04/05	629,805,592	42,773,218	672,578,810	1.5%	558.89	0.5%
05/06	608,068,811	47,948,265	656,017,076	-2.5%	538.62	-3.6%
06/07	630,931,674	50,102,530	681,034,204	3.8%	552.16	2.5%
07/08	577,442,882	43,422,272	620,865,154	-8.8%	497.04	-10.0%

Source: OLGC and Australian Bureau of Statistics

**Chart 2.1.1: Real Net Gaming Revenue from Electronic Gaming Machines in
Hotels, Clubs and the Casino**



2.1.2 Casino Table Games

Recent data suggest NGR from table games at the casino has slowed in line with other forms of gaming (in real terms and adjusted for population). Most recently, negative growth was recorded in 2007-08, down 7.0% and again previously in 2004-05, down 10.6%. When looking at the average spend per capita, after adjusting for inflation, growth has not been constant, and has broadly followed the performance of gaming machines in the casino. In per capita terms, expenditure peaked at \$44.41 in 2006-07 and most recently fell to \$40.77 in 2007-08.

Table 2.1.3: Real Net Gaming Revenue from Table Games at the Casino

	Table Games (\$m)	% ch.	Per capita (\$)	Per capita (% ch)
99/00	22.66		19.72	
00/01	38.91	71.7%	33.62	70.5%
01/02	42.73	9.8%	36.57	8.8%
02/03	45.09	5.5%	38.22	4.5%
03/04	51.52	14.3%	43.27	13.2%
04/05	46.04	-10.6%	38.26	-11.6%
05/06	53.23	15.6%	43.70	14.2%
06/07	54.77	2.9%	44.41	1.6%
07/08	50.93	-7.0%	40.77	-8.2%

Source: OLGC and Australian Bureau of Statistics

2.1.3 Commercial Lottery Products

Revenue received from the SA Lotteries indicates moderate growth in the period 2002-03 to 2004-05. Negative growth was recorded in 2005-06, down 2.12% and 2006-07, down 0.46%, before recovering in 2007-08, increasing 5.28%.

Table 2.1.4: Net Gaming Revenue from SA Lotteries

	NGR (\$)	% ch
1999-00	120,499	
2000-01	128,989	7.05%
2001-02	126,639	-1.82%
2002-03	133,575	5.48%
2003-04	137,210	2.72%
2004-05	141,646	3.23%
2005-06	138,649	-2.12%
2006-07	138,010	-0.46%
2007-08	145,300	5.28%

Source: SA Lotteries

2.2 Wagering

Net Wagering Revenue (NWR) from the racing industry, as seen in Table 2.1.5 below, shows growth in revenue was quite strong growth in recent years, peaking at \$114 million in 2004-05, before moderating significantly in 2005-06, down 7.35% (latest available publicly available data). Sportsbetting represents a relatively small component of wagering revenue; in 2005-06 it represented only 2.7% of NWR.

Table 2.1.5: Nominal Net Wagering Revenue from the Racing Industry

	(\$m)	% change
99/00	106.555	-
00/01	110.023	3.25%
01/02	99.093	-9.93%
02/03	101.973	2.91%
03/04	106.978	4.91%
04/05	114.351	6.89%
05/06	105.942	-7.35%

Source: Australian Gambling Statistics

From 1 March 2009, South Australia will be collecting data from authorised interstate betting operators regarding gambling activity of their South Australian customers. This will provide a better understanding of the national market for telephone and internet betting services.

2.3 Smoking Ban

The smoking ban in licensed venues in South Australia was phased in between December 2004 and November 2007. Details of the smoking ban are listed below.

- From 6 December 2004:
 - No smoking one metre from all hospitality service bars/counters.
 - Venues with two or more bar rooms must have one bar room designated as non-smoking.
 - Venues with one bar room must have at least 50% of their bar room floor space designated as non-smoking.
 - At least 25% of all gaming machines are to be designated as non-smoking.
 - Half of the Skycity Casino bar rooms are to be designated as non-smoking.
- From 31 March 2005:
 - Only one tobacco vending machine is permitted per liquor-licensed premises.
 - Tobacco vending machines will be restricted to liquor licensed premises. Licensees must restrict their tobacco vending machine to their gaming area or ensure it is operated with employee assistance.
- From 31 October 2005:
 - At least 50% of gaming machines are to be designated as non-smoking.
- From 31 October 2007:
 - All enclosed areas in pubs, clubs and at the Skycity Casino, will be completely smoke-free.

The transition to smoke free pubs and clubs has been smoother than expected and there now exists a high degree of acceptance of the new laws with many hotels and patrons not only embracing but also welcoming the changes. A 2007 Health Monitor

survey revealed that 86% of South Australians supported smoke-free bars and 88% supported smoke-free gaming venues.

The effect of the smoking bans is evident in all components of NGR in 2007-08. It is estimated that the smoking ban will reduce NGR in South Australia by approximately 10% to October 2009 as patrons and licensees adjust (taking into account 15% reduction due to smoking ban and 5% overall growth rate of industry). The smoking bans will have a full year impact on gambling expenditure in 2008-09, compared with a part year impact in 2007-08.

Experience since the introduction of the full smoking ban in gaming venues suggests that the allowance made for a one-off 15 per cent fall in annual net gambling expenditure in gaming premises as a result of the complete smoking ban remains appropriate. These expectations were realised with growth in the first quarter of 2008-09 declining 10.7% when compared with the same period in 2007-08.

Nonetheless, total NGR in clubs and hotels for the second quarter of 2008-09 was \$193.42 million. This was \$2.66 million higher (up 1.4%) than the NGR for the second quarter of 2007-08 of \$190.76 million.

It is considered that the one-off impact of the smoking ban will have an ongoing underlying impact, rather than a short-term effect on NGR.

It is a policy position that no smoking be allowed in gaming areas. This is included in the current package of proposed amendments to the *Gaming Machines Act 1992* further discussed at section 6.5.4.

3 Participation and Profile of Gamblers

This section of the submission addresses the work undertaken in South Australia to examine the various aspects of the participation and profile of gamblers in South Australia since 1999.

The South Australia Government has facilitated:

- telephone based survey conducted by the then Department of Human Services in 2001. It surveyed 6,045 adults;
- telephone based survey conducted in 2005 by the Department of Families and Communities and supported by the IGA. It surveyed 17,140 adults and 605 young people;
- survey and focus group prepared for the Department of Education and Children's Services in 2007. It surveyed 2,669 young people.

Research currently being facilitated by the IGA includes:

- **Youth gambling research—prevalence cohort** - The 2005 survey included a cohort of young people. Permission was sought to recontact those young people (aged 16-19 years). The IGA has commissioned the Population Research and Outcome Studies unit of the Department of Health, which conducted the prevalence study, to undertake a longitudinal study of this cohort. The study will ask questions about gambling behaviour. After the first implementation of the survey instrument, it will be repeated twice at 12 month intervals.
- **Comparative study—clinical assessment vs CPGI** - The University of Sydney is undertaking research that will involve the conduct of a clinical assessment with people who are identified as moderate and high risk problem gamblers following re-administration of the Canadian Problem Gambling Index (CPGI) to those people in the frequent gambler cohort from the 2005 prevalence study who agreed to be recontacted for further research.

This section addresses the participation and profile of gamblers under the following headings:

- methodology;
- prevalence;
- gaming machines; and
- gambling by young people.

3.1 Methodology

The objectives of the 2005 survey were to:

- obtain an updated prevalence of gambling and problem gambling among the South Australian adult population (age 18 years and over), which in 2001 had been determined as 2.0% (95% CI 1.7–2.4) using the South Oaks Gambling Screen (SOGS);
- obtain a prevalence of gambling and problem gambling among young South Australians aged 16 and 17 years;
- examine gambling patterns in South Australia; and

- gain approval from two cohorts identified during the prevalence study—adult problem gamblers and young people—to participate in further research projects.

17,140 South Australian adults, and 605 young people aged 16 and 17 years, were interviewed for the gambling survey.

Telephone interviewing was used, with numbers being randomly selected from the Electronic White Pages. A letter introducing the survey was sent to the household of each selected telephone number. This informed residents of the purpose of the survey and indicated that they could expect to be contacted by telephone.

The 2005 survey follows the methodology of the 2001 study, which was, at that time, the largest survey undertaken to examine gambling patterns in South Australia.

The survey examined a wide range of gambling patterns. These included:

- how frequently people gamble;
- types of gambling most commonly used; and
- awareness of support services to assist gamblers with a problem.

Gaming machine use was examined in considerable detail, including questions on myths and beliefs that gaming machine players have about playing these machines. Frequent gamblers (respondents who gambled every week or fortnight) were asked about issues that indicated problems with gambling, and about the impacts that gambling may be having on their life.

Gambling behaviours among people aged 16 and 17 years were investigated for the first time in a major population survey in South Australia.

There were some key differences and some similarities between the 2001 and 2005 surveys, including the following:

- the sample size was increased from 6,045 in the 2001 study to 17,745 respondents, thus improving the reliability of the data obtained in the latest survey;
- the screening tool to identify problem gamblers in the 2001 study, the SOGS, was replaced with the more reliable CPGI. The SOGS has only been validated on clinical populations whereas the CPGI has been used on general populations. The CPGI is considered to be a more conservative measurement of problem gambling. It has been used in other population based studies within Australia, for example, in Queensland and Victoria.
- the latest study also included a specific focus on gambling amongst young people 16 and 17 years of age. The Diagnostic and Statistical Manual, Version IV, Juvenile Criteria (DSM IV-J) was used to identify problem gamblers within this age group.
- the questionnaire developed for the 2005 study was based on questions used in the South Australian prevalence survey conducted in 2001, Health Monitor surveys, and the Queensland Household Gambling Survey undertaken in 2001 (repeated in 2003).

3.2 Prevalence

Overall, 70% of adult South Australians gambled at some time over the previous year. This has decreased from 76% in 2001. The most popular gambling activity was lotto (including other lottery games like Powerball, Pools, Super 66, or Lottery). Overall, 52% of the adult population played lotto in the previous year.

Gaming machines were played by 30% of the adult population at some time in the year previous to the survey date. Other popular gambling activities played by more than 10% of adult South Australians over the previous year were instant scratch tickets (24%), and betting on horse or greyhound racing (excluding sweepstakes) (19%).

In South Australia in 2005, the rate of problem gambling, as measured by the CPGI (moderate and high risk gambling), was 1.6% of the population aged 18 years or over. This rate is not considered to be different from that measured in 2001.

The CPGI was used to assess risk of problem gambling among those who are frequent gamblers. This survey used a nine item instrument from the CPGI, and concentrated on behaviours that had occurred in the past 12 months.

Overall, 14.5% of adults are frequent gamblers (gambling at least fortnightly). This excludes those who only play lotto or bingo.

The CPGI found that 1.2% of the adult population were classified as moderate risk gamblers, and 0.4% of the population were classified as high risk gamblers. Together these moderate and high risk gamblers (1.6% of the population) are classified as problem gamblers.

Moderate and high risk gamblers identified in the survey were more likely:

- to be male; or
- to have no children in the household; or
- to have secondary school education only.

The most popular gambling activity among moderate and high gamblers was gaming machines.

Moderate and high risk gamblers self identified that gambling has often, or always:

- been too strong to control (12%);
- been constantly on their mind (14%);
- been used to escape from worry or trouble (22%); and
- made it harder to make money last between pay days (18%).

Overall, during the survey period, 5% of problem gamblers lost their job, and 5% experienced a break up of an important relationship because of their gambling. Of problem gamblers, 62% used alcohol or drugs while they were gambling and 41% of problem gamblers experienced feelings of serious depression.

3.3 Gaming Machines

Overall, 15% of gaming machine players made use of loyalty or reward cards and 18% reported that they have increased their bets when losing on gaming machines, even if only rarely.

There were 43% of gaming machine players who said that they never take a break while playing.

Regarding beliefs about gaming machines:

- 19% of players strongly believe that winning and losing occurs in cycles on gaming machines;
- 5% strongly believe that there are certain ways of playing that increase winning;
- 2% strongly believe in engaging in rituals or superstitions when playing; and
- 18% strongly believe that it is always bad to play on a gaming machine that has recently paid out.

A total of 2% of players strongly agreed that they sometimes find themselves talking to, or shouting at, gaming machines.

3.4 Gambling by Young People

Overall the 2005 survey reported that 44% of young people aged 16 to 17 years had gambled during the survey period. The most popular form of gambling for 16 and 17 year olds was instant scratch tickets (30% of young people had played instant scratch tickets during the survey period). At the time the survey was conducted the purchase of instant scratch tickets was legal for people aged 16 and 17. The legal age to purchase was raised to 18 in 2007.

In the 2005 survey, problem gambling in young people was assessed using the DSM IV-J. The survey showed that 1% of 16 and 17 year olds were classified as problem gamblers.

Key results from the 2007 study are provided below:

- *“Compared with the 2001 survey conducted in schools using a similar methodology, the results generally showed many significant changes in participation. Although the overall annual participation rate was very similar to 2001 (56.3% vs. 62% for 2001), regular or weekly participation had dropped from 15% down to only 6%. The rapid growth in expenditure on mobile phones during the last 7 years was identified as a plausible reason for this decline in regular gambling amongst young people.*
- *The most popular form of gambling based on overall participation was instant scratch tickets (39.6%), followed by private card games (26.7%), betting on racing (18.8%), sporting events (14.9%) and bingo (13.7%). Keno, Crosslotto and Internet gambling attracted the least participants (9.6%, 8.6% and 4.0%, respectively).*
- *The percentage of young people gambling on lottery products had most strongly declined over the last 6 years, whereas card games for money had increased from 20% in 2001 to 27% in 2007.*
- *There were a number of gender differences. Males were significantly more likely than females to have gambled in the past year and to gamble regularly (weekly). Participation rates also varied slightly as a function of young people’s age, with year 12-13 students slightly more likely to have gambled in the past year than the year 8 and 9 students.*
- *There was no significant association between ethnicity (Aboriginality or Torres Strait Islander (ATSI) or non-ATSI descent) or region (regional vs metropolitan schools) and overall gambling participation. However, individuals who identified themselves as being of ATSI descent were significantly more likely to have gambled on a weekly basis.*

- *Of those who had gambled in the past year, 61.1% indicated doing so with their own money. Males and Year 12-13 students were significantly more likely than females to have gambled with their own money than female students or year 8-9 students. Males were also found to spend more money per session on average than females on racing and scratch ticket gambling. In addition, ATSI participants spent significantly more money on average than other students on poker machines, sports gambling, bingo and Internet gambling.”*

In relation to problem gambling, key results from the 2007 survey are provided below:

- *“Most of the respondents surveyed experienced few problems with their gambling, as classified by the 4 point cut off of the DSM-IV-J. However, 63 or 2.4% of respondents could be classified as problem gamblers and a further 6.4% endorsed 1-3 items on the DSM-IV-J and could be classified as being ‘at risk’.*
- *Boys were significantly more likely than girls to be problem gamblers (3.5% vs 1.2% for girls) and also to be ‘at risk’ gamblers (9.3% vs 3.6%).*
- *Indigenous students were four times more likely than other students to be classified as problem gamblers (9% compared with only 2.2% of non-indigenous students). In addition, indigenous students were twice as likely to be in the ‘at risk’ group (12.8% vs 6.4%).*
- *Problem gamblers were significantly more likely than other respondents to be involved in each form of gambling, to report having a large win when they first started gambling, and to report knowing someone with a gambling problem. They were also more likely to report that their peers and family members gambled and that they held positive views about gambling.”*

4 Impacts of Gambling

This section of the submission addresses the recent work undertaken in South Australia to examine the impact of gambling in South Australia.

The IGA commissioned the South Australian Centre for Economics Studies (SACES) to prepare a report on *The South Australian Gambling Industry*. The report was published on 20 June 2007.

The report comprises two parts. The first part, a profile of the Gambling Industry in South Australia. The second part, an analysis on economic impact of gambling in South Australia.

SACES also undertook work for the Provincial Cities Association on the regional impacts. That work built on the model used in *The South Australian Gambling Industry Report*.

This section addresses the impact on gambling under the following sections:

- profile of gambling in South Australia;
- economic impact of gambling in South Australia; and
- regional impacts of gambling.

4.1 Profile of Gambling in South Australia

The first part of *The South Australian Gambling Industry* report addresses the following topics:

- the history of gambling in South Australia;
- the structure, size and scope of the gambling industry;
- changes and trends in gambling behaviour and participation;
- employment in the gambling industry;
- impact of gambling on non-gambling expenditures; and
- government revenue, payments and administration.

4.1.1 History of Gambling

The SACES report briefly describes the evolution of gambling law and policy in South Australia. The report identifies a timeline of major events which is provided below as table 4.1.1.

Table 4.1.1: South Australian Gambling History – Timeline of Major Events

Racing and Wagering	1838	Adelaide's first race meeting.
	1879	SA introduces Australia's first on-course totalisator.
	1883	All gambling banned on Adelaide racetracks.
	1888	On-course totalisator re-introduced.
	1933	Off-course betting shops legalised.
	1946	Betting shops closed down.
	1967	Totalisator Agency Board (TAB) established for off-course betting.
	2002	SA TAB privatised (sold to UNiTAB Ltd, formerly TAB Queensland).
Lotteries	1965	Referendum on State lottery receives majority vote in favour.
	1966	<i>State Lotteries Act</i> enacted by State Parliament.
	1966	Lotteries Commission of South Australia established.
	1967	First Lottery Commission tickets go on sale in South Australia.
	1978	Instant Money Games ("scratchies") launched.
	1981	SA Lotteries and agencies in Victoria and WA form Australian Lotto Bloc.
	1990	Fully computerised betting system launched. "Club Keno" introduced across the State.
Casino	1983	<i>Casino Act</i> enacted by State Parliament.
	1985	Adelaide casino opens.
	1991	Casino authorised to operate casino game style electronic gaming machines.
	1993	Casino authorised to operate conventional electronic gaming machines.
	2000	Casino purchased by SKYCITY Entertainment Group Limited.
Electronic Gaming Machines (EGMs)	1992	<i>Gaming Machines Act</i> enacted by State Parliament.
	1994	EGMs appear in hotels and clubs.
	2000	Government announces freeze on EGM numbers.
	2005	Trading system commences, with aim of reducing EGM numbers by 20 per cent (3,000 machines).

Source: *Australian Gambling* (1999), Australian Institute for Gambling Research.

Since the report, significant amendments to the *Authorised Betting Operation Act 2000* were made to address the national wagering operating environment after the Baffair High Court decision. For more information please see section 5.5.

4.1.2 Structure, Size and Scope of the Gambling Industry

The SACES report examines the structure, size and scope of the gambling industry. It relies largely on *Australian Gambling Statistics* produced by the Queensland Treasury. At the time *Australian Gambling Statistics* reported up to 2003-04. More up to date information is available at section 2 of this submission.

4.1.3 Changes and Trends in Gambling Behaviour

The SACES report examines changes and trends in gambling behaviour and participation. The report was prepared before the Department for Families and Communities' *Gambling Prevalence in South Australia 2006* report was released. More up to date information is available at section 3 of this submission and in *Gambling Prevalence in South Australia*.

4.1.4 Employment

The SACES report examines employment in the gambling industry. There has not been any further work on this topic commissioned by the IGA. Table 4.1.2 is a table taken from the SACES report showing the number of approved gaming machine employees and managers as at 22 September 2005.

Table 4.1.2: South Australia – Approved Gaming Machine Employees and Managers – as at 22 September 2005

	Gaming Managers	Gaming Employees	Total
Hotels	3,672	1,169	4,841
Clubs	644	78	722
Total	4,316	1,247	5,563

Source: Office of the Liquor and Gambling Commissioner, unpublished data.

SACES states:

from 1985 to 1993 there was very modest job growth in the South Australian hotel and club sector: an average of 0.7 per cent per annum. This reflects the general economic performance of the sector in the pre-EGM period. It was suffering from the effects of the recession of the early 1990s and the introduction of tougher drink-driving laws in 1992. The financial viability of many hotels and clubs was under pressure.

EGMs transformed the financial landscape of the industry. The average rate of job growth jumped to an impressive 5.6 per cent per annum over the post-EGM period. There is no plausible explanation for such a strong improvement other than EGMs. Current employment in this sector is roughly 12,500 (the average of ABS labour force survey figures for the first three quarters of 2005). If employment had followed the 1985-1993 growth rate of 0.7 per cent through to the present day, there would be approximately 7,100 persons working in the sector. The difference 5,400 jobs must be considered largely attributable to EGMs.

It is also worth noting that, over the 1993 to 2005 period, the Western Australian hotel and club sector had virtually zero job growth while it was rising so fast in South Australia. We are not aware of any significant differences between the hotel and club industries of the two States apart from the presence of EGMs.

SACES also notes that:

Gaming machine advocates may consider the extra employment in South Australian hotels and clubs to be an unambiguous economic benefit of the introduction of EGMs. However, it is important to consider where these jobs came from. Economic theory suggests that the introduction of new products will not necessarily lead to an increase in the total number of jobs in the economy. Rather, the new jobs may come at the expense of jobs in other industries as consumer demand and investment move from old sectors to the new one. In other words, jobs are simply shifted from one sector to another.

In relation to racing and wagering, the SACES report relies on the IER Pty Ltd report to the South Australian Office of Racing, *Size and Scope of South Australian Racing Industry* (June 2004). Table 4.1.3 shows the participation in racing and wagering in South Australia in 2004.

Table 4.1.3: Participating in Racing and Wagering in South Australia – 2004

Participant Type	Thoroughbred	Harness	Greyhound	Total
Breeders	642	800	158	1,600
Breeders Staff	96	75	0	171
Syndicate Members	920	720	200	1,840
Owners ^a	10,837	1,865	432	13,134
Trainers	349	480	499	1,328
Stablehands	809	240	0	1,049
Farriers	24	8	0	32
Float Operators	3	3	0	6
Owner/Attendants	0	0	165	165
Total Producing Racing Animals	13,680	4,191	1,454	19,325
On-Course Wagering Staff	393	46	27	466
Off-Course TAB Staff	316	68	51	434
Bookmakers Assistants	288	44	22	354
Bookmakers	29	12	10	51
Jockeys	37	0	0	37
Apprentice Jockeys	16	0	0	16
Drivers	0	314	0	314
Club Secretaries	26	12	10	48
Committee Members	308	104	93	505
Full-Time Staff	126	15	26	167
Part-Time & Contractors	1,843	195	105	2,143
Volunteers	818	92	58	968
Race Day Doctors & Vets	55	12	8	75
Total Race Clubs & Racedays	4,255	914	410	5,579
Total Participants	17,935	5,105	1,864	24,904

Note: ^a Includes all owners who hold a share in a racehorse, interstate owners.
 Source: Office for Racing, *Size and Scope of South Australian Racing Industry*, p. 10.

SACES noted that:

The participation figures do not tell us much about the economic impact of the racing industry. It is difficult to quantify the economic benefit derived from volunteer participation. The economic impact of part-time or casual employment is best appreciated by aggregating figures into full-time equivalents (FTEs).

The IER report determined FTEs for the racing and wagering industry and calculated the wages and salaries generated by racing in 2004. Table 4.1.4 shows these figures.

Table 4.1.4: Wages and Salaries Generated by Racing – 2004

	Thoroughbred		Harness		Greyhound		Total	
	Direct	Total	Direct	Total	Direct	Total	Direct	Total
Racing	21.4	37.3	8.0	13.9	3.1	5.3	32.5	56.5
Wagering	15.5	27.4	3.5	6.2	3.4	6.0	22.3	39.6
Total	36.9	64.7	11.5	20.2	6.4	11.3	54.8	96.1

Note: Some figures may not precisely add to total due to rounding.
 Source: Office for Racing, *Size and Scope of South Australian Racing Industry*, p. 12.

In relation to SA Lotteries, SACES relies on the SA Lotteries annual reports to derive table 4.1.5 on SA Lotteries employment. It does not, however, address the profile of SA Lotteries agency network.

Table 4.1.5: SA Lotteries – Employment

Year	Number of Employees	Full-Time Equivalents	Total Wages 2003-04	Average Wage / FTE
2003-04	80	77.4	\$5,484,000	\$70,853
2004-05	80	77.2	\$5,332,000	\$69,067

Source: Lotteries Commission of South Australia, *Annual Report, 2003-04 and 2004-05*.

Table 4.1.6 was derived by SACES in relation to the Skycity Casino employment based on data from OLG.

Table 4.1.6: Skycity Casino - Employment

Number of Employees	Full-Time Equivalents	Total Wages 2004-05	Average Wage / FTE
1400	878	\$38,700,000	\$44,077

Note: ^a Employee numbers as at 22 September 2005. FTEs as at 30 June 2005.

Source: Office of the Liquor and Gambling Commissioner and SKYCITY Adelaide Pty Ltd.

More recent employment figures are likely to be available and can be provided if required by the Productivity Commission.

4.1.5 Impact of Gambling on Non Gambling Expenditure

SACES concluded that:

Opponents of electronic gaming machines are known to claim that they have had a detrimental impact on retail trade and small businesses. However, when the figures for household consumption expenditure (non-gambling) are examined, the introduction of EGMs had no noticeable impact. That is not to say, that there may be some isolated situations where a particular business establishment has not[sic] felt some impact.

Data from the household expenditure survey (HES) was also analysed, despite concerns about the reliability of the data. Spending patterns in South Australia and Western Australia were compared to check for any significant difference that might be attributable to EGMs, but no such difference was observed.

4.1.6 Government Revenue, Payments and Administration

The SACES report examines government revenue, payments and administration. More up to date information is available at sections 5 of this submission.

4.2 Economic Impact of Gambling in South Australia

The second part of *The South Australian Gambling Industry* examines the economic benefits and costs of gambling in South Australia. It addresses the following topics:

- expenditure switching and the impact of gaming machines;
- employment;
- estimates of problem gamblers;
- estimates of net social benefit of gaming machine gambling; and
- local area impacts and tourism.

4.2.1 Expenditure Switching and the Impact of Gaming Machines

The SACES report concludes:

The impact of the introduction of electronic gaming machines in 1994-95 on other forms of expenditure appears to have been minimal. At the aggregate level, gambling is not a statistically significant variable in the equation modeling household final consumption expenditure. Nor does there appear to be a structural break in the consumption equation at 1994-95.

In addition to the time series consumption model, SACES also undertook an analysis of the household expenditure survey data. SACES reported the following for South Australia:

- those that **participated** in gambling by **type of household** (not accounting for income) are statistically more likely to spend more than non gambling households on all expenditure items, except current housing costs and household furnishings and equipment. They also have higher total weekly expenditures;
- gambler and "high gamblers" tend to have higher expenditure on tobacco;
- households that participate in gambling (whether normal or high.) generally are more likely to have higher incomes than households that do not gamble. However, there is a non-linear relationship between income and gambling, illustrating that households on middle incomes are more likely to gamble than low or high income households;
- households that gamble "highly" are more likely to be located in an area of disadvantage;
- households that gamble and gamble "highly" are more likely to spend a higher percentage share of their weekly expenditure on tobacco;
- households that gamble and/or gamble "highly" were found to have statistically significant lower expenditure on current housing costs, domestic fuel and power, household furnishings and equipment, medical and health expenses, transport and other capital housing costs. This suggests that it is these forms of expenditure from which gambling may have diverted expenditure. This is an interesting result as these forms of expenditure are not the typical categories of retail spending that have often been identified as being adversely affected by the introduction of EGMs; and
- households that gamble "highly" were more likely than "low" and non-gambling households to state that their present standard of living compared with two years ago is worse from analysis of responses to financial difficulty questions.

4.2.2 Employment

SACES developed an auto-regressive model to forecast employment levels for various industry sectors for the period in which gaming machines operated in South Australia. From the model SACES concluded:

Comparisons of forecast and actual employment indicate that introduction of EGMs had a significant positive impact of employment in the hotels, taverns and bars sector, with actual employment in the sector in 2005 being about 5,500 persons higher relative to the forecast employment level.

Actual levels of employment for clubs (hospitality) were down slightly relative to the forecast level of employment, indicating that EGMs may have adversely affected employment in this sector, despite clubs being able to operate EGMs. This outcome may reflect that EGMs have shifted market power from clubs to hotels as the latter have found it relatively easier to acquire and operate EGMs.

Actual employment levels in the gambling services sector, which includes lotteries, casinos and gambling services not elsewhere classified, have fallen slightly below forecast levels. This may reflect that the introduction of EGMs has had an adverse impact on employment in other gambling sectors, but other factors such as labour displacing technological change may also be significant.

*Clubs and hotels **with gambling facilities** have significantly higher employment and total income compared to those without gambling facilities. South Australian clubs and hotels with gambling facilities had an average of 22 employees per premises while those without gambling facilities had 5 employees per premises. Venues with gambling facilities had an average total income of \$2.2 million per premises compared to an average total income of \$0.3 million for those without gambling facilities.*

The researchers contend, that for venue size, that venues with gambling facilities have drawn away activity from venues without gambling facilities.

4.2.3 Estimates of Problem Gamblers

SACES derived its estimate of problem gamblers in South Australia, which underpins its assessment of the economic costs and benefits, using a model based on a series of assumptions. Its derived estimate of problem gamblers in South Australia was 2.8% of the adult population.

As reported in section 3.1 of this submission, the Department of Families and Communities conducted a telephone based survey in 2005. It surveyed 17,140 adults and 605 young people. The study found that 1.2% of the adult population were classified as moderate risk gamblers, and 0.4% of the population were classified as high risk gamblers (using the CPGI). Together these moderate and high risk gamblers (1.6% of the population) are classified as problem gamblers. This result is substantially lower than the 2.8% figure derived by SACES.

4.2.4 Estimates of Net Social Benefit of Gaming Machine Gambling

Overall, the SACES report estimated that the range of net benefits from gaming machines in 2002-03 extended from -\$582 million to -\$56 million. In relation to this estimate SACES stated that:

While the model's assumptions are plausible, there is a plausible explanation of its results – i.e. a rise in problem gamblers associated with a demographic bulge in the data – the results may not be true, and it would seem sensible to commission research to test the model's basic assumptions, or cross check them with other research results as they arise (e.g. estimates of problem gamblers from any epidemiological surveys conducted.)

Key amongst those assumptions is the estimates of problem gamblers. Section 4.2.3 above shows that the estimate derived by SACES substantially at variance to the Department of Families and Communities Gambling Survey.

The conclusions in the SACES report on the range of net-benefits/costs can not be relied on.

SACES adopted a methodology similar to that used by the Productivity Commission. The South Australian Government submission to the 1999 Productivity Commission Inquiry raised some concerns about the Productivity Commission's methodology applied to analysing the gambling market. These concerns remain.

It is difficult to define price and quantity in the analysis of the gambling market. The Productivity Commission supply and demand model is problematic with

the price, $1 - \text{expected value of winning}$, being a ratio and not a dollar amount expected in a typical market analysis. Similarly, the quantity, the amount lost divided by the price, is a dollar amount.

The assumptions previously adopted by the Productivity Commission in the formulation of price and quantity in its economic analysis are questionable and should be reconsidered.

In any event, whatever the dimensions of estimated problem gambling or the sign of the net benefits taking into account consumer surplus of non-problem gamblers, harm minimisation is appropriately based on trying to reduce the numbers and losses experienced by problem gamblers in the context of continued availability of gaming machines in line with revealed consumer preferences.

4.2.5 Local Area Impacts and Tourism

The SACES report examines a number of suggested relationships between gambling and other factors at the statistical local area level in South Australia.

The SACES report also examines the impact of tourism on the casino.

4.3 Regional Impacts of Gambling

Beyond the SACES report on *The South Australian Gambling Industry* the IGA has not commissioned research on the regional impacts of gambling.

The Provincial Cities Association of South Australia on 5 February 2007 released a report on *The Impact of the Reduction in Gaming Machines in Provincial Cities*. It is built around the work used in the *South Australian Gambling Industry* and suffers some of the same problems, especially in relation to its estimates in the number of problem gamblers.

5 Taxation and Regulatory Arrangements

This section of the submission addresses South Australia's taxation and regulatory arrangements under the following headings:

- taxation arrangements;
- gambling tax revenue;
- harmonisation of tax arrangements;
- taxation and the odds of gambling;
- institutional arrangements; and
- emerging gambling platforms and taxation.

5.1 Taxation Arrangements

The details and changes to South Australia gambling taxation arrangements are described under the following headings:

- common changes to gambling taxation arrangements;
- gaming machines in clubs and hotels;
- TAB wagering tax;
- on-course totalisator tax;
- bookmakers turnover tax; and
- SA Lotteries.

5.1.1 Common Changes to Gambling Taxation Arrangements

All gambling tax rates were reduced by 9.09% on 1 July 2000 to accommodate for the introduction of the GST.

5.1.2 Gaming Machines in Clubs and Hotels

Changes to the gaming machine tax arrangements are provided below.

28 November 2002: Introduction of a stamp duty surcharge on gaming machine business transfers (known as a gaming machine surcharge)

The *Stamp Duties Act 1923* was amended to introduce a gaming machine surcharge on the transfer of ownership of a gaming machine business. The surcharge is equal to 5% of the annual NGR of the gaming venue.

The gaming machine surcharge is scheduled to be abolished on 1 July 2012 when transfers of non-real property become exempt from duty as part of national tax reform commitments under the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations.

1 January 2003: Adjustment to gaming machine tax rates

Revenue from gaming machines is taxed more heavily than other forms of gambling revenue. This differential was widened with the change in gaming machine tax rates from January 2003. The higher level of taxation may be considered appropriate given the level of super profits which would otherwise be earned by gaming machine operators. Only hotels and clubs can provide a

gaming machine service which, particularly in low venue density areas, keeps total industry costs low. The higher progressive tax rates allow the return of a percentage of the excess profits to the community.

Table 5.1.1 shows the change to tax rates of NGR generated by club and hotel gaming machines.

Table 5.1.1: Taxation Rates on NGR – Clubs and Hotels

Tax scale		
Annual net gambling revenue	Rate prior to 1 July 2000	
	Clubs and not for profit entities	Hotels
\$0 to \$399,000	30%	35%
\$399,001 to \$945,000	\$119,700 + 35% of excess	\$139,650 + 43.5% of excess
Above \$945,000	\$310,800 + 40% of excess	\$377,160 + 50% of excess
Tax scale		
Annual net gambling revenue	Rate from 1 July 2000	
	Clubs and not for profit entities	Hotels
\$0 to \$399,000	25.91%	20.91%
\$399,001 to \$945,000	\$103,381 + 34.41% of excess	\$83,431 + 25.91% of excess
Above \$945,000	\$291,260 + 40.91% of excess	\$224,900 + 30.91% of excess
Annual net gambling revenue	Rate from 1 January 2003	
	Clubs and not for profit entities	Hotels
\$0 to 75,000	nil	nil
\$75,001 to 399,000	21.00% on excess	27.50% on excess
\$399,001 to 945,000	\$68,040 + 28.50% on excess	\$89,100 + 37.00% on excess
\$945,001 to 1.5m	\$223,650 + 30.91% on excess	\$291,120 + 40.91% on excess
\$1.5m to 2.5m	\$395,200 + 37.50% on excess	\$518,170 + 47.50% on excess
\$2.5m to 3.5m	\$770,200 + 47.00% on excess	\$993,170 + 57.00% on excess
above \$3.5m	\$1,240,200 + 55.00% on excess	\$1,563,170 + 65.00% on excess

During 2003-04, a 10-year moratorium on increases in tax rates was introduced into the *Gaming Machines Act 1992* (Section 71A). It reads as follows:

It is the intention of Parliament that the rates of gaming tax, as in force at the time of the enactment of this section, should not be increased before 30 June 2014.

The South Australian Government considers the current gaming tax arrangements to be an efficient way of extracting super profits from the gaming industry and applying them to the community benefit. It is the Government's analysis and the intent that the post 2003 South Australian tax rates not be a binding cost on the supply of gaming services by clubs and hotels, thus not impacting market supply and demand outcomes. The intent is evidence with the inclusion of a tax free threshold on NGR set at \$75,000.

Even if the post 2003 tax rates were binding on the cost of gaming services, the Government's analysis is that it would have very little impact on the recreational gamblers and nil impact on problem gamblers. Taxation policy, even if it does shift supply, is not an effective method for addressing problem

gambling. The role of responsible gambling policy is to shift the demand curve associated with problem gambling downwards and to the left, reducing problem gambling without impacting unduly on recreational gambling.

5.1.3 TAB Wagering Tax

The wagering tax on SA TAB race betting operations is being phased out from July 2008, with full abolition by 1 July 2012. The abolition of the wagering tax will be replaced with correspondingly higher distributions from the SA TAB to the racing codes.

5.1.4 On-Course Totalisator Tax

1 July 2005: On-course totalisator tax abolished

Prior to that time, the on-course totalisator tax was levied at a rate the following rate:

Sum of bets made with authorised racing club	Tax rate
\$0 to \$30,000	1.0%
\$30,000 to \$60,000	\$300 + 2.0% on excess
\$60,000 to \$120,000	\$900 + 3.0% on excess
Above \$120,000	\$2,700 + 5.25% on excess

Note: GST reimbursed

5.1.5 Bookmakers Turnover Tax

2 December 2001: Bookmakers turnover tax abolished

Prior to that time, Bookmakers turnover tax was levied at the following rate:

	Metropolitan (Gross*)	Country (Gross*)
Within SA	1.57%	1.40%
Interstate	2.17%	1.97%

*1.4% of turnover was subsequently returned to clubs

Note: GST reimbursed

5.1.6 SA Lotteries

1 July 2000: Introduction of State tax

A State tax for SA Lotteries was introduced on 1 July 2000 at a rate of 41% of NGR. The Government also continues to receive the remainder of SA Lotteries annual surplus.

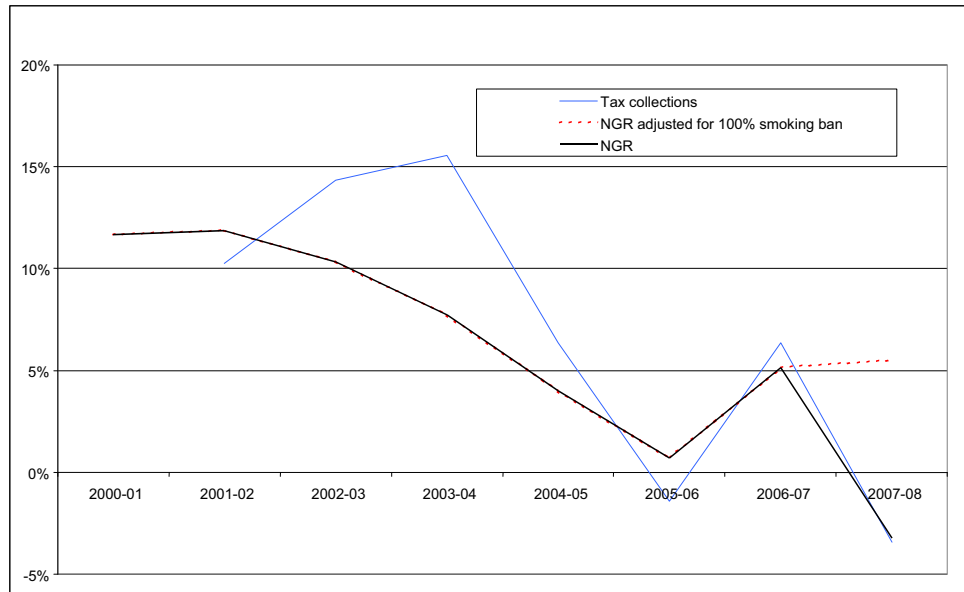
5.2 Change in Gambling Tax Revenue Since 1999

Growth in total gambling tax revenue is largely driven by growth in gaming machine taxation revenue, with growth in other gambling tax revenue (which accounts for around 25% of total gambling revenue) averaging around 2% per annum over the period 2000-01 to 2007-08.

Gaming machine tax collections were very strong between 2000-01 and 2003-04 (in the order of 10% - 16%). However, this growth is somewhat distorted by the increase in tax rates from January 2003. Growth in gambling tax collections can also be distorted by compositional effects due to the progressive nature of the tax rates applied to the turnover of individual licensed gaming venues.

If policy influences are removed, underlying NGR (as opposed to tax collections) growth was still strong between 2000-01 and 2002-03, with annual growth above 10% per annum. Growth in underlying NGR started to moderate after 2002-03, with growth falling to less than 1% by 2005-06. In 2006-07, NGR growth was around 5% per annum, and after taking into consideration the estimated impact of the full smoking ban that came into effect on 1 November 2007 (see section 2.3), remained at around 5% in 2007-08 – see chart 5.2.1. Underlying NGR growth appears to have now settled at levels broadly consistent with growth in discretionary household consumption expenditure.

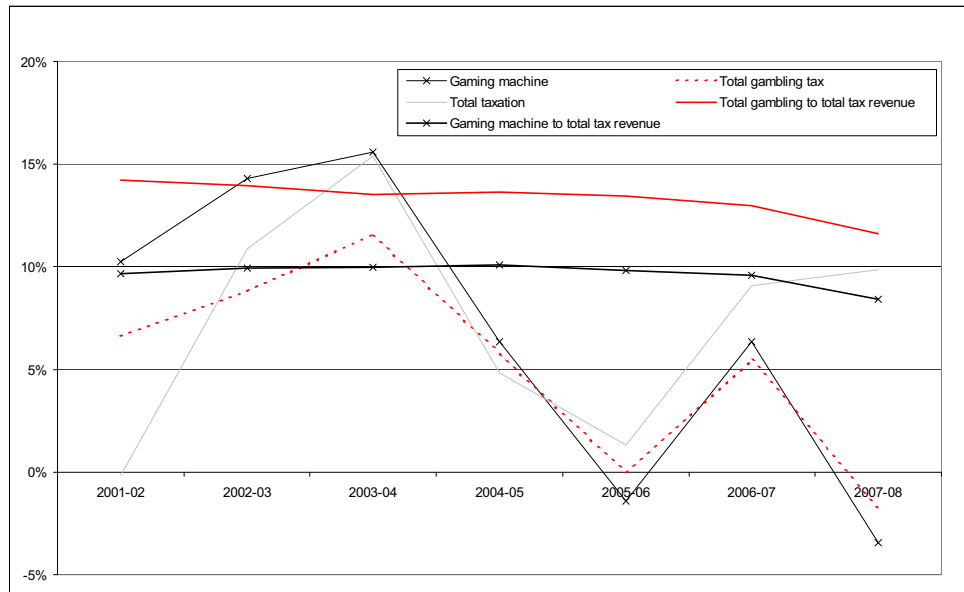
Chart 5.2.1: Gaming Machines (Hotels and Clubs)



The ratio of total gambling revenue to total tax collections has broadly been in decline since 2000-01. The ratio of gaming machine tax revenue to total tax revenue remained relatively flat over the period 2000-01 to 2005-06, before starting to decline in 2006-07 following the moderation in gaming machine tax revenue growth – see chart 5.2.2 on the following page.

Calculations of tax revenue from gambling taxes and gaming machines as a proportion of total tax revenue can be distorted by policy decisions. The growth in gaming machine collections has generally been below growth in conveyance duty and payroll tax since 2001-02. This is consistent with a declining trend in the ratio of gambling taxes to total taxation collections. It should be noted that strong growth was experienced in payroll and property taxes between 2000-01 and 2007-08 due to the property market boom and strong economic growth in the broader economy.

While gaming machine revenue has fallen recently as a result of full smoking ban, payroll tax rates and conveyance duty rates have not increased in that time. Rather the government has introduced payroll tax reforms that have included significant tax relief.

Chart 5.2.2: Growth in Selected Tax Revenues

5.3 Harmonisation of Taxation Arrangements

Historically the States and Territories have tended to levy gambling taxation on similar revenue bases. However, the applicable tax rates and exemptions available have differed.

It is considered appropriate that State jurisdictions retain the ability to set tax rates and thresholds that have regard to individual State circumstances. Given that States tend to apply gambling tax to a similar base, it is considered that harmonisation of administration aspects of gambling tax would not provide any significant benefit to State jurisdictions, gambling operators or end users.

5.4 Institutional Arrangements

South Australia's institutional arrangements broadly follows the blueprint for regulatory governance set out in the 1999 Report. The following sections outlines the role of:

- Minister for Gambling;
- Independent Gambling Authority;
- Office of the Liquor and Gambling Commissioner;
- Office for Problem Gambling – Department for Families and Communities; and
- Gambling Policy Unit – Department of Treasury and Finance.

5.4.1 Minister for Gambling

In 2001 the South Australian Government established Australia's first Minister for Gambling. The Minister for Gambling is now responsible for the legislation outlined in table 5.4.1 on the following page.

Table 5.4.1: Legislation Committed to the Minister for Gambling

Legislation	Purpose
<i>Authorised Betting Operations Act 2000</i>	<ul style="list-style-type: none"> • consumer protection regulation of: <ul style="list-style-type: none"> ○ SA TAB ○ SA On-course totalisators ○ SA Bookmakers ○ Interstate betting operators • integrity regulation of <ul style="list-style-type: none"> ○ SA TAB ○ SA On-course totalisators ○ SA Bookmakers • funding and integrity agreements between betting operators and racing controlling authorities.
<i>Casino Act 1997</i>	<ul style="list-style-type: none"> • consumer protection and integrity regulation of the Adelaide Casino currently operated by Skycity Adelaide.
<i>Collections for Charitable Purposes Act 1939</i>	<ul style="list-style-type: none"> • disclosure regulation for charity collections and events
<i>Gaming Machines Act 1992</i>	<ul style="list-style-type: none"> • consumer protection and integrity regulation of gaming Machines in hotels and clubs.
<i>Independent Gambling Authority Act 1995</i>	<ul style="list-style-type: none"> • establishes and provides the functions and powers of the independent regulator in relation to gambling entities other than those covered by the <i>Lottery and Gaming Act</i>.
<i>Lottery and Gaming Act 1936</i>	<ul style="list-style-type: none"> • consumer protection and integrity regulation of: <ul style="list-style-type: none"> ○ Fundraising Lotteries, including Bingo and Instant Lotteries ○ Trade Promotion Lotteries • unlawful gambling, unlawful advertising and unlawful common gaming houses
<i>Problem Gambling Family Protection Orders Act 2004</i>	<ul style="list-style-type: none"> • establishes arrangements for the making of orders for the protection of family members from serious harm resulting from problem gambling.

5.4.2 Independent Gambling Authority

The IGA was established in 2001 with a role consistent with the *control* function described in the 1999 Report.

The IGA currently has the following legislative functions:

- to develop and promote strategies for reducing the incidence of problem gambling and for preventing or minimising the harm caused by gambling;
- to undertake, assist in or co-ordinate ongoing research into matters relevant to the Authority's functions, including research into—
 - the social and economic costs and benefits to the community of gambling and the gambling industry;
 - the likely impact, both negative and positive, on the community of any new gambling product or gambling activity that might be introduced by any section of the gambling industry;
 - strategies for reducing the incidence of problem gambling and preventing or minimising the harm caused by gambling;
 - any other matter directed by the Minister;
- to ensure that an effective and efficient system of supervision is established and maintained over the operations of licensees under prescribed Acts; and
- to advise, and make recommendations to, the Minister on matters relating to the operations of licensees under prescribed Acts or on any aspect of the operation, administration or enforcement of prescribed Acts; and
- to perform other functions assigned to the Authority under this Act or a prescribed Act or by the Minister.

In performing its functions and exercising its powers the IGA is required to have regard to the following legislative objectives:

- the fostering of responsibility in gambling and, in particular, the minimising of harm caused by gambling, recognising the positive and negative impacts of gambling on communities; and
- the maintenance of an economically viable and socially responsible gambling industry (including an economically viable and socially responsible club and hotel gaming machine industry) in this State.

5.4.3 Office of the Liquor and Gambling Commissioner

The Liquor and Gambling Commissioner generally has a role that is consistent with the *enforcement* function outlined in the 1999 Report. The Office of the Licensing Commissioner commenced operations on 1 July 1985 as a result of the introduction of the Liquor Licensing Act of that year. At the time, the Liquor Licensing Commissioner was responsible for the administration of the *Liquor Licensing Act 1985* and the *Casino Act 1983*.

On 17 September 1992 the *Gaming Machines Act* was assented to, and the responsibility for administering this Act was given to the Liquor and Gaming Commissioner.

On 1 October 2000, the Racing Services Section was created. The Liquor and Gambling Commissioner was given various responsibilities in relation to wagering under the *Racing Act 1976*. This Act was subsequently repealed and replaced by the *Authorised Betting Operations Act 2000*.

On 1 July 2004, the Liquor and Gambling Commissioner became responsible for the administration of the *Lottery and Gaming Act 1936* and the *Collections for Charitable Purposes Act 1939* and the Lottery Licensing section (formerly Lottery and Gaming section) was transferred from RevenueSA to the Office of the Liquor and Gambling Commissioner.

5.4.4 Office for Problem Gambling

The establishment of the Office for Problem Gambling occurred in October 2006. The Office consolidated the roles and tasks related to the delivery of problem gambling services into one unit.

The roles of the Office include:

- management of the Gamblers Rehabilitation Fund (GRF);
- a focus for problem gambling service questions, queries and complaints from the public, community services, all levels of Government and the gambling industry;
- State Government liaison with the IGA, regulators and gambling policy areas;
- maintain relationships with the gambling industry as funders and service delivery partners;
- service delivery for community education programs, products and media;
- data management and information analysis;
- service agreement management;
- service quality monitoring and enhancement;
- evidence based development of new and improved services; and
- national secretariat support for the CDSMAC problem gambling working party and the resultant representation on Gambling Research Australia and the Ministerial Council on Gambling Officers Group.

The establishment of the Office has achieved a concentration of effort on problem gambling matters. The benefits are showing in the speed of responses to all stakeholders, the clarity in communications about problem gambling issues and the engagement of professional leaders in discussions on problem gambling interventions.

The GRF, which is administered by DFC through the Office for Problem Gambling, has an annual budget of \$5.955M. Funding is provided to offer programs and services to respond to, and assist with, minimising problem gambling within SA. Contributors to the GRF are the Australian Hotels Association (SA Branch), licensed clubs of SA, Sky City and the South Australian Government.

The Office for Problem Gambling uses as the guide for service development the strategic document *Problem Gambling Services: an Action Plan for South Australia* which has a focus on five areas, these are:

- Expanding services;
- Involve consumers;
- Evaluate services;
- Attend to diverse cultural needs; and
- Targeting early intervention and prevention activities.

5.4.5 Gambling Policy Unit

Policy making is separate from the regulatory and enforcement functions. The Gambling Policy Unit is part of the Department of Treasury and Finance and is responsible for providing advice to the Minister for Gambling on regulatory framework under which gambling operates in South Australia.

The Gambling Policy Unit provides secretariat support to the Minister's Responsible Gambling Working Party (RGWP). The RGWP provides a bridge between the policy and regulatory decision making and the practical implementation in venues. Currently, the RGWP's focus is on player tracking and pre-commitment trials.

5.5 Emerging Gambling Platforms Impact on Taxation and Regulation

Gambling services offered by telephone, internet or other electronic means are subject to national control under the Commonwealth *Interactive Gambling Act 2001*. The Act makes it an offence to provide interactive gambling services to Australians. There are, however, a range of services which are excluded from the offence, including wagering services and lottery services defined in the Act.

The recent Betfair High Court decision changes the funding arrangements for the racing industry that had operated for many years. While it creates a challenge for State and Territory Governments and the racing industry, it is possible to establish arrangements for funding (and taxation) that operate within a national market context.

The South Australian Parliament's recent amendments to the *Authorised Betting Operations Act 2000* offers one approach to funding (and taxation) that can be applied in relation to those services allowable under the *Interactive Gambling Act 2001*.

Section 62E of the *Authorised Betting Operations Act* makes it an offence for a person to conduct betting operations in relation to a race held in South Australia unless the operator has entered into an integrity agreement and a contribution agreement. The contribution agreement sets out how those contributions are to be calculated and the terms for payment. It is plausible to contemplate similar arrangements for taxation for other services excluded under the *Interactive Gambling Act 2001*.

Similarly in relation to consumer protection regulation, the *Authorised Betting Operations Act 2000* applies the South Australian Advertising and Responsible Gambling Codes of Practice and a number of other requirements to any interstate betting operator that offers services to persons located in South Australia. This ensures that South Australians benefit from a consistent consumer protection regulatory environment regardless of the source legal gambling.

While there are likely to be some issues within jurisdictions during the transition from the current arrangements to the new funding and regulatory arrangements, these can be resolved and facilitated through existing inter-jurisdictional working arrangements.

6 Consumer protection measures

This section of the submission provides further information about South Australia's consumer protection measures under the following headings:

- legislative measures;
- voluntary measures;
- assessment of harm minimisation measures;
- scope for technological responses; and
- quantitative restrictions.

6.1 Legislative Measures

South Australia's mandatory harm minimisation measures are implemented through its regulatory framework. This is achieved:

- directly in the authorising Act and associated regulations, and indirectly through licence conditions established under the Acts; and
- through the IGA's mandatory Codes of Practice.

South Australia's review of self-exclusion arrangements is also discussed.

6.1.1 Legislation

The Acts and associated regulations, outlined in section 5.4.1, include a range of regulatory harm minimisation measures. These are adequately summarised in the Commonwealth's *National Snapshot of Minimisation Strategies*.

Key responsible gambling changes since 1999 to the regulatory framework are outlined below:

- **2000** - the *Gaming Machines Act 1992* was amended to freeze the number of gaming machines operating in the South Australia.
- **2001** - gambling legislation was amended to:
 - make a number of measures legally enforceable across the State such as the installation of clocks in venues, the ban on cashing of cheques in venues and the ban on gambling while intoxicated;
 - prohibit autoplay facilities on all gaming machines in South Australia.
 - prohibit note acceptors on all gaming machines in South Australia.
 - establish a voluntary barring regime (self exclusion) to be administered by the IGA. Those persons on the register will not be permitted to enter the specified gaming venues from which they have been barred. Gamblers may voluntarily elect to place themselves on the register.
 - establish a limit on all cash withdrawals from ATM and EFTPOS facilities on premises that have gaming machines.
 - increase the minimum rate of return on new gaming machines from 85 per cent to 87.5 per cent.

- **2002** - the *Gaming Machines Act 1992* was amended to increase the gaming tax.
- **2005** - the *Gaming Machines Act 1992* was amended to:
 - establish the concept of gaming machine entitlements and apply a mandatory reduction of 2,168 to the number of gaming machine entitlements in South Australia;
 - establish an approved trading system with forfeiture arrangements to work towards the 3,000 gaming machine reduction target;
 - establish the social effect test in relation to granting a new gaming machine licence.
- **2008** – the *Authorised Betting Operations Act 2000* was amended to extend South Australia’s consumer protection regulation to betting operators that offered betting services to persons located in South Australia.

The Government is currently part way through community consultation on further responsible gambling amendments to the *Gaming Machines Act 1992*. The current draft Bill includes a number of responsible gambling measures to amend the Act. They are:

- accelerate gaming machine entitlement reduction through the removal of the fixed price and a new Approved Trading System;
- strengthen the Social Effect Test for new venues through new powers for the IGA;
- impose extra responsibilities for late trading venues and changes to closing hours;
- prohibit the location of gaming machines in smoking areas;
- extend responsible gambling provisions to airport gaming;
- strengthen the compliance and enforcement provisions; and
- formalise recognition of industry responsible gambling agencies.

6.1.2 Mandatory Codes of Practice

The *Statutes Amendment (Gambling Regulation) Act 2001* was enacted on 31 May 2001. It made provision for the approval by the IGA of mandatory Advertising Code of Practice and Responsible Gambling Code of Practice to apply to the casino, lotteries, TAB, licensed racing clubs and gaming machine venues (hotels and clubs).

The first mandatory Advertising and Responsible Gambling Codes of Practice commenced on 30 April 2004 after an extensive consultation process conducted by the IGA. These Codes of Practice included:

- a limited electronic media blackout;
- the restriction of the sounds of gaming in radio and television advertising;
- advertising to include information on and chances of winning particular prizes;
- in venue documents and display of the codes;

- prohibition on patrons playing more than one gaming machine at a time;
- multilingual warnings in venues;
- prohibition of serving of alcohol at gaming machines;
- enhanced training requirements, and
- the provision for venue exclusion.

The IGA commissioned the National Institute of Labour Studies to undertake an evaluation of the impact of the first mandatory Advertising and Responsible Gambling Codes of Practice. The report was completed in 2007. It provides a detailed report on how various stakeholders perceived the Codes of Practice.

The IGA is required to regularly review the Advertising and Responsible Gambling Codes of Practice. The most recent review was commenced in 2006 and involved an extensive period of consultation with interested parties. Copies of submissions made to the IGA are available on the IGA's website <http://www.iga.sa.gov.au>

Ultimately, revised Advertising and Responsible Gambling Codes of Practice commenced on 1 December 2008. The reasoning behind the revised Codes of Practice is set out in the IGA's *Review 2006 Regulatory Functions* report released in May 2007.

The Gaming Machines Advertising Code of Practice introduced a number of additional measures including:

- removing all exterior gambling advertising;
- removing all interior advertising within the premises except within the gaming area and directional signage; and
- advertising does not refer to factors that may induce a person to engage in gambling activity, including, but not limited to, prizes or benefits other than those available on gaming machines.

The Gaming Machines Responsible Gambling Code of Practice introduced a number of additional measures including:

- screening all sights and sounds of gaming from all areas in the premises other than from the gaming area itself;
- removing all coin availability except from a cashier or a coin dispensing machine which is located as to enable a patron to be monitored; and
- not offer participation in a loyalty program (other than a program which includes a pre-commitment program approved by the IGA).

The IGA's approach was to create an incentive for the industry to directly take responsibility for creating better responsible gambling environments. Gaming venues will be exempt from the above six measures if the venue is a party to, and is fully compliant with the terms of, an Industry Responsible Gambling Agency Agreement (also known as an approved intervention agency agreement) (IRGAA).

The exemptible measures are considered by the IGA and the Government to be blunt instruments that are less effective at promoting responsible gambling

and creating a customer service environment that identifies and deals with problem gambling than the measures implemented by the Industry Responsible Gambling Agencies. This is further discussed in the next section (6.2.1).

In addition, there are a number of additional measures in the Responsible Gambling Codes of Practice that all gaming venues must comply with:

- develop a relationship with a rehabilitation agency which patrons can readily access, staff are sufficiently informed and that management level contact is established; and
- establishment of the internal reporting of problem gamblers including the identification of suspected problem gamblers by gaming staff, review of records by gaming manager (at least fortnightly) of suspected problem gamblers and documents as part of the record any steps taken to intervene.

6.1.3 Self-exclusion

Self-exclusions measures, usually referred to as barring provisions in South Australia, are an important part of the toolkit to assist problem gamblers. These measures can bridge the gap between gaming venues and gambling help services and if used appropriately can form part of an important part of a venues early intervention and referral of a problem gambler to a gambling help service.

In South Australia barring provisions are present in most of the gambling legislation but the operation and administration of the various barring provisions are not consistent nor are they integrated with gambling help services. To address these matters, the South Australian Government initiated an inquiry by the IGA into barring provisions.

To date, the IGA has released a guide to participation, received submissions and held public hearings. The Inquiry Report is to be provided to the Minister for Gambling by 31 October 2009.

6.2 Voluntary Measures

In recent years there has been significant work outside of the “regulatory framework” by the IGA and the Minister for Gambling to achieve a cultural shift in gambling venues approach to responsible gambling.

In November 2006 the then Minister for Gambling, the Hon Paul Caica MP, established the Responsible Gambling Working Party with a practical focus on tools that help customers set and stick to self imposed limits.

Also, the IGA through its innovative revised Codes of Practice operational from 1 December 2008 encouraged the industry to take responsibility for making better responsible gambling environments. This is achieved through the establishment of industry responsible gambling agencies.

This section further considers the role of the:

- Responsible Gambling Working Party;
- industry responsible gambling agencies;
- casino’s Host Responsibility Coordinators;

6.2.1 Responsible Gambling Working Party

The Minister's Responsible Gambling Working Party, established in November 2006, has been working on advice to the Minister on developing strategies that can be implemented to support customers to make commitments about their level of gambling on electronic gaming machines.

Membership of the RGWP includes the gambling industry (hotels, clubs and casino), the union representing industry workers, and community agencies concerned about problem gambling.

The RGWP has undertaken a series of structured discussions with community representatives (local industry, community organisations and people affected by problem gambling) in four regions across the State; industry groups; government agencies with responsibilities in relation to gambling policy, programs and regulation; and concern sector agencies. These discussions were directed at informing the RGWP about areas on which it should focus, and potential approaches to those key areas.

The resulting focus areas for the RGWP, for which strategies have been guided by the structured discussions, are:

- **Informed decision-making**
Supporting education programs on understanding gambling products
- **Money management**
Supporting the delivery of a range of financial information for customers
- **Player tracking and pre-commitment systems**
Undertaking a trial of a cashier-assisted and venue card model

6.2.2 Industry Responsible Gambling Agencies.

Gaming Care is the industry responsible gambling agency (IRGA) established by the Australian Hotels Association South Australian Division, and Club Safe is the industry responsible gambling agency established by Clubs SA. Gaming Care and Club Safe are similar initiatives. Both programs work closely together to ensure a total industry approach.

The Independent Gaming Corporation Ltd (IGC) funds Gaming Care and Club Safe. In 2007 total funding for Gaming Care and Club Safe equalled \$750,000. This support increased to \$1,197,800 per annum from 1 July 2008 to accommodate the conditions established by the IGA as part of implementing the 1 December 2008 Codes of Practice. Those conditions include:

- employees and agents of the IRGA have free and unrestricted access to the gambling providers premises, staff and patrons at all times the premises are open for business;
- gambling provider undertakes to its staff that they will in no way be the subject of prejudice or unfavourable treatment due to making of reports of problem gambling behaviour or suspected problem gambling behaviour;
- the gambling provider implements such smartcard or pre-commitment programs as are approved by the IGA and the Minister for Gambling; and

- the gambling provider consents to, and facilitates, the comprehensive annual and periodic reporting to the IGA by the IRGA of the IRGA's activities in respect of the gambling providers business.

Gaming Care and Club Safe have ten fulltime officers working with venues, staff, management, counselling services and customers.

The aims and objectives of both initiatives are to:

- assist venues with compliance with the Codes of Practice through undertaking voluntary audits of venues
- assist venues with the identification of and provision of support for problem gamblers
- facilitate programs, initiatives and policies to promote access by patrons to gambling help services
- facilitate communication between venues and gambling help services
- promote and fund research into problem gambling

Outcomes sought from Gaming Care and Club Safe include:

- increased compliance with the Responsible Gambling Codes of Practice
- increased referrals to gambling help services
- increased understanding and cooperation between industry and gambling help services

All hotels and clubs with gaming are members of IGC and therefore able to access Gaming Care and Club Safe, regardless of their membership status with AHA or Clubs SA.

In support of Gaming Care and Club Safe, the IGC has committed to an additional \$500,000 per year to the GRF (current contribution is \$1.5m per annum) to support gambling help service agencies that enter into cooperative working arrangements with Gaming Care and Club Safe as part of the IRGA expectations and are prepared to support and cooperate with venues.

6.2.3 Host Responsibility Coordinators

Skycity Casino provides host responsibility training to all casino staff and includes training in the responsible service of alcohol and training in problem gambling awareness and the responsible provision of gambling. Host Responsibility Coordinators are on site 24 hours, 7 days. Host Responsibility Coordinators operate as an early intervention program to help staff address problem gambling and alcohol management with at-risk customers.

Host Responsibility Coordinators work in cooperation with counselling agencies and treatment providers.

Skycity Casino's responsible gambling measures include:

- providing information about problem gambling and support for customers including helpline numbers
- a self-exclusion procedure for those wishing to control their gambling

- promoting acceptable behaviour (i.e. Patrons detected loan sharking or begging will be required to leave)
- taking all practicable steps to ensure children are not left unattended

6.3 Assessing the Effectiveness of Harm Minimisation Measures

In South Australia there has been extensive examination of the range of harm minimisation measures implemented. More detail is provided under the following headings:

- South Australia's Research Program; and
- Evaluation of Pre-Commitment Trials.

6.3.1 South Australia's Research Program

The IGA is the primary agency responsible for undertaking, assisting or co-ordinating ongoing research into matters relevant to gambling and its regulation.

The IGA has had an extensive work program since 2000. The outcomes of the work program have informed the Independent Gambling Authority and the Government in relation to changes to the regulatory framework. The details of the work program are referred to throughout this submission, the resulting papers are summarised in the list below:

- Inquiry into Barring Arrangements – to be concluded October 2009
- Game Approval Guidelines Consultation – on-going
- The Relevance and Role of Gaming Machine Games and Game Features on the Play of Problem Gamblers - 2008
- Adolescent Gambling in South Australia – 2007
- 2004 Amendments Inquiry – reported September 2007
- Codes of Practice and Guidelines Review 2006 – report May 2007
- Evaluative Research Project – Effect of Codes of Practice - 2007
- Evaluation of 2004 Legislative Amendments to Reduce EGMs - 2006
- The South Australian Gambling Industry - 2006
- Inquiry into Smartcard Technologies – 2005
- Inquiry into Gambling Rehabilitation Services – July 2005
- Study into the Relationship Between Crime and Problem Gambling - 2004
- Gaming Machine Numbers Inquiry – December 2003

6.3.2 Evaluation of Pre-Commitment Trials

The Minister's Responsible Gambling Working Party is part way through player tracking and pre-commitment trials. Two industry proponents have been accepted for trials. Worldsmart Technology and GGI-Maxetag.

The purpose of conducting trials is to learn about the effectiveness of player tracking and pre-commitment as a tool for venue customers to better manage their money in relation to gambling and as a tool for harm minimisation. The RGWP will not endorse commercial products. The RGWP, however, will use

the learnings from all supported industry trials to inform its advice to the Minister for Gambling.

The RGWP has adopted the following research approach to evaluation:

- the purpose of the evaluation is increase knowledge about the impacts of the operation of player tracking systems.
- the evaluation should be conducted independently from the industry proponent.
- researchers engaged on behalf of the RGWP for the purpose of assisting in the evaluation of a trial must adhere to the highest professional, scientific and ethical standards.
- the evaluation of the trial will be published. In order to protect proprietary information or trade secrets, there maybe reasonable restrictions placed on the publication of that data. Those restrictions must be agreed in advance.
- there will be no limitations placed on the use by the South Australian Government and the RGWP of the evaluation, and associated working papers, of the trial by the industry proponent or the researchers engaged.

6.4 Scope for New Technologies for Harm Minimisation

Technology can be an important part of a range of measures that can minimise the harm from problem gambling.

It cannot, however, be effective without good customer service in gaming venues and good gambling help services outside of venues. Technology can assist customers to make better decisions and assist venues to identify customers that need additional customer assistance. Organisations that cast one form of technology or another as the solution to problem gambling are unduly simplifying the complexities involved with establishing a beneficial solution.

This section addresses:

- IGA Inquiry into Smartcard Technology
- Pre-Commitment and Player Tracking
- Next Generation Gaming Platform

6.4.1 IGA Inquiry into Smartcard Technology

In December 2004, consequent to the amendments made to the *Gaming Machines Act 1992*, the IGA undertook an inquiry into smart card technology to enable it to report to the Parliament by June 2005. The Terms of Reference required the IGA to report how smartcard technology might be introduced with a view to significantly reducing problem gambling.

The IGA's conclusion was that such technology (or like technology) could be implemented to reduce problem gambling, and at a reasonable cost. The IGA recommended that the introduction of a universal smartcard be mandated by Parliament. The IGA also recommended that amendments be made to legislation that enabled player tracking and limit setting by patrons who played gaming machines

Parliament did not support the recommendation. The then Minister for Gambling, Hon Michael Wright MP, in response to the inquiry stated:

The smartcard inquiry report recommends that legislation should be introduced to parliament for the implementation of a mandatory system that enables the tracking of a person's play, the setting of limits and exclusion from play. The smartcard report raises many significant issues, including technology, costs and benefits, privacy and cashless gaming, all of which are complex.

The costs of a smartcard scheme are unknown and the benefits unproven. More research would need to be done on aspects of smartcards and pre-commitment schemes. The report also raises issues of privacy. This is a key concern for the community of South Australia, and more work would be required to examine and educate the community on this issue. The privacy debate is central to the concept of a mandatory versus a voluntary scheme.

The report also canvasses cashless gaming as an adjunct to smartcard technology. This is an issue that the parliament has not previously supported. It is considered premature to introduce such a scheme, and the government does not intend to introduce legislation.

The current installed base of gaming machines cannot readily support the model proposed by the IGA in its smartcard inquiry report. So called bolt-on solutions to the existing gaming machines can offer customers a significant number of pre-commitment features and provide for player tracking, but only on a voluntary basis.

It should be noted that a "smartcard" is merely one form of identification that can be used to identify a player with a player tracking system that offers pre-commitment. At this stage, it is more important to understand how player tracking and systems work than the player identification device.

6.4.2 Pre-Commitment and Player Tracking

The RGWP is working with both technology (bolt-on) and non-technology pre-commitment solutions.

In the Second Progress Report, the RGWP sought proposals for undertaking player tracking and pre-recommitment trials in gaming venues, for which the RGWP will consider conducting an evaluation. One trial is currently underway (Worldsmart J-Card system) and another scheduled to begin mid 2009 (Maxetag system).

The purpose of conducting trials is to learn about the effectiveness of player tracking and pre-commitment as a tool for venue customers to better manage their money in relation to gambling and as a tool for harm minimisation.

Trial proposals put to the RGWP are assessed against a set of Essential Minimum Criteria as follows:

Cost-effective	The proposed trial must be sustainable within the context of industry and venue viability. The industry proponent must <u>fund</u> the implementation of any trial. There will be no funding for the operation of the trial available from the South Australian Government.
Evidence-based	The proposed trial must built on the principles outlined and published by the RGWP in its Progress Reports. The industry proponent must support the trial being subject to evaluation determined by the RGWP.
Flexible	The proponent must be willing to work with the RGWP to adjust the implementation during the trial.

Informed choice	The proposed trial must enable the principle of informed choice by customers.
Integrated	The proposed trial must be integrated with existing industry responsible gambling programs and endorsed by the relevant agency.
Long-term	The proponent of the proposed trial must be willing to extend the trial to full operation, if the evaluation by the RGWP considers the trial to be successful.
Privacy	The proposed trial must comply with Commonwealth Privacy Principles.
Simple	The proposed trial must offer a simple customer interface so that social gamblers are not deterred or inconvenienced (particularly important for tourism).
Variety	All industry participants are encouraged to submit a trial proposal to the RGWP.
Voluntary	The proposed trial must be voluntary for the customer to take up. No venue will be compelled by the RGWP to participate in a trial.

An outcome or impact evaluation (quantitative) and a program or progress evaluation (qualitative) will be undertaken of each trial by independent researchers. It is expected that the evaluations of the first trial will be available towards the end of 2009.

The types of pre-commitment features or limits that players are able to set under the J-Card system are—

- Reminder prompts when limit reached and exceeded
- Cool off period (after setting a limit, the patron cannot increase the limit (eg. \$20 to \$50) for 24 hours; a cool off period does not apply if the patron wants to decrease a limit)
- Cycle expenditure (expenditure set for nominated period—weekly, fortnightly, monthly)
- Daily expenditure
- “PlaySmart” balance (running balance shows on the machine reader)
- Cycle playing time (eg. 10 hours weekly)
- Break in play
- Daily playing time (eg. 2 hours)
- Personalised limit (eg. no play on a specified day such as pension day; no play before 8.00am or after 3.00pm due to, for example, needing to collect children from school).

The RGWP will also be conducting a cashier-assisted trial, scheduled to begin before June 2009, which it will also evaluate. The cashier assisted card model is an alternative to the venue card model. It involves a manual transaction, while the latter relies on an electronic transaction. It is of benefit to people who prefer not to or who are unable to use a card-based system.

A cashier-assisted mechanism is described in the RGWP’s First Progress Report as an option that allows:

Customers (to) set a voluntary limit with the cashier on the amount of money they can change in a 24-hour period. This can only occur by a manual transaction operated by the cashier where there is no presence of an automatic coin machine on the premises.

Unlike the venue card model, the cashier-assisted card would apply to a single venue rather than across venues, at this time. It would involve players using a card, similar to customer loyalty cards offered at cafes, where the customer retains custody of the card and uses the card as a record of their transactions at the cashier.

Players can only set limits on arrival at the venue. The cashier can mark (or stamp) the card each time an amount is changed. For example, a card could enable multiples of \$20 to be recorded.

Limit setting options possible via a cashier-assisted mechanism are:

- Spend levels (session / day / week / month / etc)
- No play periods (certain times/days)
- Self-barring (e.g. for nominated days)
- Cooling-off period for increased limits to take effect.

A cashier-assisted card model would enable feedback to be provided to the customer when a threshold is reached via interaction with venue staff. When a threshold is reached the cashier could also decline to dispense additional coins.

South Australia will be sharing the results of the trials with other jurisdictions through the Ministerial Council on Gambling's Working Party on Access to Cash and Pre-Commitment Tools.

6.4.3 Next Generation Gaming Platform

The existing gaming platform in South Australia is based on old technology and protocols. This limits South Australia's ability to implement a number of harm minimisation measures or to change system features without incurring substantial cost.

South Australia is participating on the Ministerial Council on Gambling's Working Group on Electronic Gaming Machines Consumer Protection. The Ministerial Council on Gambling and its Working Group provides the appropriate national forum for Governments to determine the policy specification for the next generation of gaming platform.

To achieve a successful transition from the current generation of gaming platforms to the next will require:

- technology costs to be minimised – this can be supported by a single technical national standard;
- an open gaming platform – one that supports a competitive environment for the delivery of both gaming and harm minimisation solutions; and
- flexibility – a platform that can accommodate change both between jurisdictions and over time at low cost.

6.5 Quantitative Restrictions – Access to Gaming Machines

Following the Productivity Commissions 1999 Report, South Australia was the only state to implement mandatory reductions in the number of gaming machines. This section provides more detail on:

- IGA Inquiry on Gaming Machine Numbers;
- implementation of gaming machine entitlement reductions;
- assessment of gaming machine entitlement reductions; and
- proposed changes to the *Gaming Machines Act*.

6.5.1 IGA Inquiry on Gaming Machine Numbers

The IGA commenced an inquiry into gaming machine numbers in July 2002. It involved an extended period of consultation. Key steps in the inquiry included:

- release of the terms of reference;
- three public hearings;
- a discussions paper; and
- a final report.

Amongst other things, the IGA's final report recommended an immediate 20% reduction in the number of gaming machines. That equated to a reduction of around 3,000 gaming machines. The Government accepted the recommendation.

6.5.2 Implementation of Gaming Machine Entitlements Reduction

Legislation to amend the *Gaming Machines Act 1992* was passed on 8 December 2004. While the Government initially prepared the Bill to reflect the IGA's recommendations, amendments to the *Gaming Machines Act 1992* were treated as a conscience vote and a number of changes to the original Bill were accepted by Parliament.

The Act includes a formula to reduce the number of machines operating in hotels (profit venues) as follows:

- Venues with 29 machine and above - reduced by eight
- Venues with 21 to 28 machines - reduced to 20
- Venues with 20 machines or less - no reduction

As a result 2,168 were removed on 1 July 2005 this was below the Government's target of 3,000. No reduction in numbers occurred for non-profit associations.

To achieve the further 832 entitlement reduction, the trading system of entitlements included a forfeiture requirement, one-quarter of gaming machine entitlements offered for sale by a hotel (profit entity) are to be cancelled. The Act also include a fixed price of \$50,000 for a gaming machine entitlement traded.

After three trading rounds, a further 50 entitlements were forfeited leaving a further 782 gaming entitlements to be forfeited before the 3,000 target is achieved.

6.5.3 Assessment of Gaming Machine Entitlements Reduction

The IGA was required under the Act to review the 2004 Amendments. To assist the IGA commissioned the *Evaluation of 2004 Legislative Amendments to Reduce EGMs* Research Report.

The Research Report concluded that:

- *The 2004 Amendments have not reduced overall net EGM revenue in South Australia, but there has been a substantial reduction in the rate of EGM revenue growth which may be at least partially attributable to this legislation.*
- *The vast majority of regular gamblers and problem gamblers did not believe that the amendments had very much influence on problem gambling or their own behaviour.*
- *Most respondents nonetheless indicated that geographical accessibility was a major factor in venue selection.*

The IGA in its report, published in September 2007, on the 2004 Amendments inquiry recommended that in relation to gaming machine entitlements that the fixed purchase price of \$50,000 per gaming machine entitlement be removed and market trading model be implemented.

6.5.4 Proposed Changes to the Gaming Machines Act

The Government accepted the IGA's recommendation in relation to gaming machine entitlements and the current Bill contains provisions to amend the Act to remove the fixed price of \$50,000 on gaming machine entitlements traded through the approved trading system, set in section 27B(2)(a) of the Act.

The removal of the \$50,000 fixed price on gaming machine entitlements will require the Approved Trading System established under regulation to be replaced. At this stage, a new Approved Trading System has not been drafted. It is proposed that the new regulations for the Approved Trading System would let:

- buyers indicate how many entitlements they wish to buy and the maximum price they are willing to pay; and
- sellers indicate how many entitlements they wish to sell and the minimum sale price they are willing to receive.

The new regulations will be the subject of public consultation later in 2009.

7 Government Programs Relevant to Gambling

This section of the submission addresses South Australia's programs relevant to gambling under the following headings:

- gambling help services; and
- education programs.

7.1 Gambling Help Services

South Australia's Gambling Help Services are funded by the GRF. They offer free, confidential services to problem gamblers and their families. Services include general counselling, financial counselling, group support, intensive clinical therapy, as well as funding the Gambling Helpline (a free twenty-four hour, seven day information and crisis helpline).

The GRF was established in 1994 to fund services to support and rehabilitate people affected by problem gambling. The GRF is recurrently funded by contributions from the Australian Hotels Association, Clubs SA, Skycity Adelaide and the South Australian Government. The GRF currently receives \$5.95 million each year.

The Minister for Families and Communities is responsible for the administration of the GRF and the funding and delivery of problem gambling help services.

Key gambling help service initiatives include:

- release of the Office for Problem Gambling Action Plan;
- implementation of a Statewide Gambling Therapy Service;
- reform of Gambling Help Services and implementation of a competitive selection process;
- establishment of new country based Aboriginal specific services;
- establishment of a service for offenders;
- development of a program for general practitioners in relation to their clients; and
- on going evaluation

Each of these initiatives is further discussed below.

7.1.1 Action Plan

In 2007 Problem Gambling Services: An Action Plan for South Australia was released that outlined the South Australian Government's plans for services for people affected by problem gambling. The Action Plan places the client at the centre and provides substantial service enhancements to build a state-wide responsive system for the treatment, support and prevention of problem gambling. The Action Plan has five priorities which are to

- expand services;
- involve consumers;
- evaluate services;
- attend to different needs; and
- target early intervention and prevention activities.

7.1.2 Statewide Gambling Therapy Service

The Statewide Gambling Therapy Service provides treatment using a CBT approach and a graded exposure program to treat people with gambling problems. This approach enables clients to overcome their urge to gamble and return to a normal life without gambling. Electronic gaming machines are often used in experiments to map client brain activity during exposure to the gaming machine with a view to exploring whether self-reported gambling urges can be associated with specific electrical activity in the brain.

Cognitive Therapy is usually offered in combination with behavioural strategies including problem solving, social skills training, self-monitoring and stimulus control. Cognitive Behavioural Therapy focuses on the role of thinking in how people act, and offers between 10-16 sessions, including homework assignments with specific techniques for each session. The aim is to both address the urge to gamble and counteract irrational expectations about achieving success at gambling and gambling as a means solving financial issues.

At an international level the following developments in relation to providing counselling and support services have emerged:

- brief interventions;
- pharmacology approaches;
- hospital treatment;
- telephone counselling;
- online assistance;
- outpatient programmes in mental health facilities and addictions settings; and
- family treatment

7.1.3 Reform of Gambling Help Services

In August 2007, a review of the gambling help services program was undertaken by OPG. The review, which concluded in March 2008, resulted in a restructure proposal for the Gambling Help Services to improve assistance for problem gamblers. Key findings of the review include the need to:

- Improve access to gambling help services across all regional areas of the state, especially non-metro areas;
- Strengthen local partnerships between venues, gambling help services, other service providers and the State-wide Gambling Therapy Service to optimise client engagement and care plans;
- Expand the role of the Gambling Helpline to provide telephone and on-line counselling, active referrals and follow up of clients;
- Improve referral relationships across providers to ensure clients are supported to seek the services that best suit them;
- Improve the accountability of service providers;
- Strengthen the capacity and roles of specialist services to reach community groups with diverse needs, such as Culturally and Linguistically Diverse (CALD) and Aboriginal communities;

- Improve the capacity for service reporting, and evaluation; and
- Provide effective gambling counselling, financial counselling and therapy services for problem gamblers and their families to help overcome the harmful effects of problem gambling..

In March 2008 decision was made to restructure Gambling Help Services. The restructure will enable greater service efficiencies, more appropriately targeted and accessible services, regionally focused services and improved outcomes for gambling clients. The restructure proposed that the program be divided into two program streams; **State-wide and Special Purpose Services** and **Regional Services**.

State-wide and Special Purpose Services include services targeted to CALD, Aboriginal and other specific population groups; the State-wide Intensive Therapy Service and the expanded Gambling Helpline of the current metro based outreach service. An invited submission process was undertaken to determine future providers of the new services.

The new **Regional Services** will provide specialist financial counselling and gambling counselling services across the State with an emphasis on client engagement and follow up and service partnerships within local communities.

7.1.4 Country Based Aboriginal Specific Services

As part of the reconfiguration of Gambling Help Services in South Australia in 2008 additional funding has been allocated to provide assistance to Aboriginal people affected by problem gambling. New Aboriginal services with a focus on providing a localised and targeted response have been or are in the process of being established in the Far North (Pt Augusta and Cooper Pedy), Murray Mallee (Murray Bridge and Berri) and Eyre & Western regions (Ceduna and Pt Lincoln).

Service requirements and worker roles have been worked out as part of the negotiated service agreement and comprise the following elements.

- Engagement with the Aboriginal Community which involves providing a range of engagement strategies which enable the Aboriginal community in the serviced region to understand the impact of problem gambling, seek information and help for gambling problems for those at risk of or affected by problem gambling and create culturally relevant support.
- Establish and strengthen linkages with the gambling industry support services i.e. Gaming Care and Club Safe, gambling venue staff, other services and agencies attended by Aboriginal people to enable effective referrals for people affected by problem gambling and increase service, venue and community awareness of Gambling Help Services and service providers role in supporting clients to access other services.
- Provide problem gambling assistance (one on one) by undertaking problem gambling assessments of clients' gambling problems and develop case plans relevant to the resolution of these problems for clients.
- Provide support and assistance to individuals who have problems with gambling, including problem gamblers and their significant others, and where appropriate, crisis assistance.

- Provide an ongoing partnership and support role to problem gambling clients who are undergoing gambling counselling or therapy from another gambling help service, where appropriate.
- Refer clients to other gambling help services e.g. State-wide Intensive Therapy Service, Regional Service for gambling counselling, therapy or financial counselling, self barring or other support services, where appropriate;
- Where other support needs are identified, refer clients to appropriate services.
- Support clients in accessing other services by accompanying them, where appropriate.
- Provide a follow up service to clients. This may occur after clients cease contact with the service provider, at the point of referral to another service, and/or if a client leaves the services prior to completing their goals. The aim of the follow up service is to provide a level of ongoing support to minimise a relapse in problem gambling.
- Undertake community consultation with Aboriginal communities, the gambling help sector and OPG for the development of culturally appropriate and effective methodologies to address the impacts of problem gambling. In consultation with the State wide Intensive Therapy Service facilitate the development of a culturally appropriate (Cognitive Behavioural Therapy) program.

7.1.5 Help Service for Offenders

The OPG funds the Offenders Aid Rehabilitation Service in South Australia to provide specialised gambling help services to people who are in, or at risk of entering the criminal justice system in South Australia through the provision of community engagement initiatives and problem gambling support to individuals with an emphasis on client engagement and follow-up and service partnerships with local communities including the gaming industry and the gambling venues. Services are targeted to offenders who are affected by problem gambling and their families.

7.1.6 Program for General Practitioners

The referral pathway for some problem gamblers is through attending their General Practitioner and getting a referral to a specialist gambling help service. GP's understanding of and ability to identify problem gambling is variable. Accordingly the OPG has undertaken a project to engage with the SA Division of General Practice and their member GPs to identify, design and tests resources to assist GPs in identifying high and medium risk gamblers and engage with them in confidence and offer therapeutic responses.

7.1.7 On-going Evaluation

South Australia, as with other states, has a data collection activity as part of the Service Agreement that is signed off between funding body and agencies delivering gambling help services. Performance monitoring and service monitoring are key functions of the Office for Problem Gambling.

As part of a reconfiguration of gambling help services in 2008/09 the Data Collection items have been reviewed and SMART Objectives have been attached to KPIs. Compliance with Gambling Help Service Standards are

written into new Service Agreements for Regional and Statewide/Specialist Services

Evaluations of services have shown problem gambling is embedded in a broad range of other health concerns. The uptake of available services is often slow and not fully utilised. There is a reasonable amount of evidence that indicates there is justification for some interventions, such as CBT, but overall there is a lack of published research about treatment effectiveness.

7.2 Education Programs

The section of the submission provides details about South Australia's gambling education programs under the following headings:

- Dickey Dealings; and
- responsible gambling education strategy.

7.2.1 Dickey Dealings

In 2004 to 2006 the Department for Education and Children's Services developed the 'Dickey Dealings' resources. It was a key outcome from research undertaken with ten schools in South Australia providing an excellent 'hands-on' tool enabling teachers and students to understand gambling from a diverse range of simulated experiences. This resource was then shared with teachers as part of a State-wide professional development delivering 'Dickey Dealings' as an addition to current school programs.

7.2.2 Responsible Gambling Education Strategy – 2007 to 2010

The Department for Education and Children's Services Current responsible gambling education strategy focuses on using the approaches of Health and Financial Literacy to deliver Responsible Gambling Education curriculum in schools that is contextualised and reflects contemporary issues. Findings from the action research continue to provide contemporary exemplars and case studies that are shared with teachers through on-going State-wide professional development opportunities demonstrating successful ways to embed Responsible Gambling Education into current programs.

Through these approaches, teachers are supported to respond to the following inquiry questions:

- *What* do they (teachers) know about the attitudes, knowledge and understanding of the members of their school community in relation to gambling issues?
- *How* do they know this?
- *Why* does this have meaning for how teachers incorporate Responsible Gambling Education in their school programs?

Teachers are then able to access tools and resources that are appropriate to their community and will provide for meaningful engagement in Responsible Gambling Education that will bring about changes to attitudes, knowledge and understanding of gambling issues.

Schools continue to be provided with funding support to enable teachers to participate in one-day professional development workshops. Funding support is also provided for extended professional learning programs that enable teachers to trial and develop new programs with students in their schools.

Confirmation of the effectiveness of the 2007-2010 Responsible Gambling Education approach that has been relevant (contemporary) and able to be easily contextualised to achieve meaning has made a difference to how both teachers, children and young people learn and think about gambling that is responsible.

Programs that link to other curriculum work and are specifically described have provided clearer directions for teachers to deliver Responsible Gambling Education through both Health and Consumer and Financial Literacy programs.

This is a distinct shift from the add-on, 'stand alone' program by facilitating links to contemporary issues and becomes embedded rather than teachers having to themselves identify the links first, then develop the content/program.

Research undertaken by the Australian Government Financial Literacy Foundation (2007) with 553 young people indicated that they want to learn more about:

- dealing with credit cards;
- how to budget day-to-day;
- how to deal with banks and financial service providers;
- how to invest money;
- how to save money;
- how to understand financial language;
- how to manage debt;
- planning for long term financial future;
- rights and responsibilities when dealing with money; and
- learn more about scam recognition.

The research also indicated that their current beliefs are:

- Money is just a means to buy things
- "financially, I like to live for today"
- 'during school days' is the best time to start financial planning

Further evidence supporting the adoption of such an approach is provided in research undertaken with young people in 2007 by the Australian Gaming Council and Melbourne University. The research indicated the following:

- ... better financial literacy and improved money management skills combined with gambling awareness will assist young people to make informed choices about the way they save money, budget and spend their discretionary money on choices in the entertainment environment.
- This could lead to the development of innovative financial literacy programs for young people to improve young people's awareness of financial literacy, money management and responsible gambling
- Research focus group evidence was extremely positive about the desire to develop a greater understanding of money management, to

learn to budget and to know how to manage their income, savings and expenses.

- Such an approach would support learning in two areas:
 - Dispelling the myths associated with gambling providing changes to knowledge and understanding together with the provision of information about how gambling works such as odds and the potential negative impacts of gambling through real life stories.
 - Provide knowledge and understanding on ways to manage money and budget within the context of the choices available to young people in their particular environment

The professional development/learning currently being provided by the DECS Responsible Gambling Strategy aims to raise the awareness of teachers, children and young people relative to the following intended outcomes:

- increase the knowledge and understanding for educators as to the impact of gambling in the community on their teaching and the engagement in learning of the children and young people at their site
- enhance the development of consumer and financial literacy of children and young people through their development of an understanding of the day to day management of money as an important preventative approach to problem gambling

7.2.3 Assessment of Approach

The following evidence from three key activities provided by the DECS Responsible Gambling Education Strategy across 2007 – 2008 indicates the success of using an approach such as Financial Literacy:

- non metropolitan High School Financial Literacy Workshop with young Aboriginal male students already at risk with low levels of attendance and engagement in schooling:
 - The students had a reasonable level of knowledge about gambling and in particular the impact of problem gambling on people.
 - Giving students an opportunity to voice some of the things that they are going through in their lives has a major impact on their retention, self worth and their place in schooling.
 - The students were asked to engage in the same project for thirty-three lessons in a row which they did when several of the cohort would not have previously participated in that many lessons over a school year.
- **non metropolitan Primary School extended professional learning activity** over 18 months commenced in 2007 using a Health Literacy approach to Responsible Gambling Education with students driving the next stage of the work into Financial Literacy as they began to raise issues of budgeting, where money comes from, how to manage financial risk, etc
- **teachers attending state-wide professional development workshops** on Consumer and Financial Literacy using Responsible

Gambling Education as a model for curriculum delivery in 2008 provided some of the following feedback:

- Fascinating, real life skills – needed because of the changing world and lack of parenting happening in some cases – gave me confidence as a teacher on how I could work with some of the issues such as gambling and in general make Financial Literacy more engaging.
- Workshop provided an awareness of priorities, possible activities and ideas in relation to financial areas such as budgeting, spending and gambling.

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