

SUBMISSION TO THE PRODUCTIVITY INQUIRY INTO AUSTRALIA'S GAMBLING INDUSTRIES 2009



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Executive Summary / Key Recommendations

Uniting Care Australia is concerned about gambling because gambling causes significant harm to many Australians. An unacceptable proportion of people who gamble regularly are gambling more than they can afford, and this causes a range of negative impacts in their lives and the lives of those people close to them.

Uniting Care Australia congratulates the Western Australian government on keeping Western Australia free of poker machines, except for the Burswood Casino. The significantly lower rates of problem gambling in WA, compared to other jurisdictions as a result of the absence of EGMs is highlighted to the Commission. Consequently Uniting Care Australia believes that the 'first best' policy for gambling in Australia is to remove poker machines. We are convinced that the harm is much greater than any benefits.

There is an economics literature about efficiency and equity from which we conclude that the concept of gambling is incompatible with all of the standard views of efficiency and equity. We also conclude that gambling cannot be considered to be an economic 'good' as it fails the standard definitions of a 'good'. This then suggests that the standard rules of market economics are inadequate to achieve socially and economically efficient and equitable outcomes. Gambling must consequently be closely regulated to avoid market and social failure.

The evidence from Uniting Care Australia, and other community services, including gambling help services, is that a majority of problem gambling is largely explained by poker machine (EGM, VLT) gambling, particularly in hotels and clubs.

The experience of Uniting Care agencies that assist people experiencing gambling problems and the impacts of problem gambling, and the evidence from research referenced throughout this submission suggests:

- levels of problem gambling have not changed significantly over the last decade
- for every person with a gambling problem, at least five other people are adversely affected,
- on average one child is adversely affected for every person with a gambling problem, on average
- electronic gaming machines are the major form of gambling activity from people with problem gambling behaviour who seek help
- one in five people seeking help with gambling problems have contemplated or attempted suicide
- at least a quarter of regular poker machine players exhibit problem gambling behaviour
- there is a significant and direct correlation between levels of gambling spending and levels of problem gambling

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- problem gambling reduces the capability of the individuals concerned to reach their potential, and to participate fully in the social and economic life of the community

Uniting Care Australia, therefore, proposes a series of measures to increase consumer protection when people use gambling products, reduce accessibility of gambling and further measures to reduce the more specific concerns associated with problem gambling:

Recommendations

- 1. That the number of electronic gaming machines in any community be capped at a maximum of six machines per thousand adults. This cap could be achieved nationally, by 31st December 2015.**
- 2. That a national standard for operating hours for electronic gaming machines in hotels and clubs be set at 10 a.m. to midnight any day.**
- 3. That automatic teller machines be removed from all gambling venues by 30th June, 2011**
- 4. That a national standard be established for technology platform and operational protocols, to enable gambler pre-commitment, as a matter of priority.**
- 5. That from 1 January 2016, all gambling in Australia be accessible only through this designated technology platform, to enable, pre-commitment of time and expenditure and to assist gamblers to track their gambling expenditure.**
- 6. That national design and operating standards be established and enforced, for electronic gaming machines operating in Australia, to increase consumer protection and reduce the risk of problem gambling.**
- 7. That a “Public Health” approach to responding to gambling harm be developed and implemented across Australia. Ideally this approach will be directed by the Council of Ministers for Gambling.**
- 8. That 2.5% of net gaming revenue be hypothecated to establish a National Gambling Help Fund to resource non-government gambling help services and research relevant to reducing gambling harm.**
- 9. That programs to reduce gambling harm in remote Indigenous communities be developed in close cooperation with traditional elders and existing health and community services. These programs to be funded from the proposed hypothecation from net gambling revenue.**
- 10. That Indigenous specific financial literacy resources and services be funded that include a focus on gambling.**

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- 11. That gambling compliance authorities in all jurisdictions increase levels of compliance checking for venues serving higher than average levels of Indigenous clientele.**
- 12. That gambling help services are funded specifically to reduce problem gambling and the risk of problem gambling amongst young people.**
- 13. That a series of formal evaluations are undertaken of a range of gambling help services to identify best practice and areas for potential improvement of existing practice.**
- 14. That Internet gambling and any new form of gambling be banned from operations in Australia, as a consumer protection for Australian citizens. To strengthen this measure, credit card debt incurred by Australian citizens, to online gambling providers, should not be recognised as legally collectable.**
- 15. National legislation needs to be changed to give adequate legal precedence to consumer protection measures put in place by State and Territory jurisdictions, intended to protect their citizens from gambling harm.**
- 16. That all sporting bodies having a relationship with a gambling provider and be required to have that relationship registered.**
- 17. That gambling be banned from a delivery through any telecommunications technology**
- 18. That all poker tournaments conform to regulation and codes of practice applying to licensed gambling activity.**
- 19. That the Australian government initiate the development of an international gambling convention, to deal with consumer protection with particular application to online and Internet gambling.**
- 20. That the Australian government initiate the development of an international gambling convention, to deal with consumer protection with particular application to online and Internet gambling.**
- 21. That a national regulator be established with strong compliance monitoring responsibilities**
- 22. That a National Gambling Industry Ombudsman be appointed, accessible at regional level**
- 23. That a broader range of measures is included in the annual public reporting of Australian Gambling Statistics**

Reducing Harm from Poker Machine Gambling

Since electronic gaming machines are the form of gambling currently associated with the highest levels of problem gambling behaviour, this submission proposes specific measures to reduce electronic gaming machine based problem gambling in the categories of:

- reducing the accessibility of electronic gaming machines
- introducing pre-commitment / player tracking systems
- establishing national electronic gaming machine design standards

Reducing Accessibility

One factor that explains why electronic gaming machines are the form of gambling with the highest level of problem gambling is their accessibility, with venues operating in every local community, outside of Western Australia, and operating for extended periods of time. In a number of regions of Australia the highest concentration of electronic gaming machines, and EGM venues, is in areas characterised by lower socio-economic status (SEIFA Index).

A mechanism to reduce EGM accessibility is to set a cap on the number of poker machines operating in a community, in order to reduce the number of venues, the mechanisms for the venue reduction from an EGM cap will vary between jurisdictions. It is recommended therefore, that the Commission investigate a mechanism for setting a maximum concentration of machines in any community. Uniting Care Australia proposes that a limit of 6 poker machines per thousand adults, this being about half of the current, aggregated concentration of poker machines. It is recognised that some work will be required to identify a regional basis for implementing this cap. Initial consideration could be given to defining 'community' as a postcode district. It is recommended that Western Australia's current ban on poker machines outside Burswood Casino be retained by the West Australian government.

Recommendation 1: that the number of electronic gaming machines in any community be capped at a maximum of six machines per thousand adults. This cap could be achieved nationally, by 31st December 2015.

Another factor that increases the accessibility of EGM's is the extended operating hours of electronic gaming machine venues.

Recommendation 2: that a national standard for operating hours for electronic gaming machines in hotels and clubs be set at 10 a.m. to midnight any day.

Reducing Access to Cash in Venues

Evidence exists¹ that shows that there is a high correlation between people with gambling problems and regular use of automatic teller machines in gambling venues. The removal of automatic teller machines, ATMs, has been legislated in some jurisdictions, but is yet to be implemented.

¹ "Identifying Problem Gamblers Within Gaming Venues". Associate Professor Paul Delfabbro, Presentation to NAGS conference 2008

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Recommendation 3: that automatic teller machines be removed from all gambling venues by 30th June, 2011

Pre-commitment and Player Tracking

Technology assisted pre-commitment provides one of the best opportunities to reduce gambling harm, of the possibilities not already widely applied.

There are range of technologies that can be applied to assist gamblers to pre-set limits on either of both expenditure and time spent on gambling. Three Australian states are currently considering some form of technology assisted player tracking and pre-commitment opportunities (technologies include 'smart cards', USB, computer chip). The timing is ideal for a national standard to be set for the technology platform upon which pre-commitment is enabled.

Recommendation 4: that a national standard be established for technology platform and operational protocols, to enable gambler pre-commitment, as a matter of priority.

Recommendation 5: that from 1 January 2016, all gambling in Australia be accessible only through this designated technology platform, to enable, pre-commitment of time and expenditure and to assist gamblers to track their gambling expenditure.

National Electronic Gaming Machine Design Standards

There are elements of EGM design that reinforce the addictive nature of this form of gambling. The establishment of national electronic gaming machine design standards would enable all machines in Australia to meet an agreed set of criteria that reflect 'best practice' in harm minimisation.

Elements of national electronic gaming machine design standards should include:

- removal of 'note acceptors' for all poker machines
- setting a minimum spin time per game of 5 seconds
- incorporating regular 'customer protection' messages on poker machine 'second' screens
- banning 'short reels' in programming of machines
- setting maximum limits that can be gambled per spin, i.e. reduce the number of lines and number of credits that can be played, from current levels
- introducing breaks in play
- standard platforms for auditing, data collection and pre-commitment capacity

Recommendation 6: that national design and operating standards be established and enforced, for electronic gaming machines operating in Australia, to increase consumer protection and reduce the risk of problem gambling.

Enhancing Gambling Help Services

It is imperative that high-quality, gambling help services are readily available to anyone seeking help to deal with a gambling problem or an issue related to gambling.

While there is a wide range of topics that could be considered in response to this issue, specific recommendations are made under five headings:

- General gambling help services
- Indigenous
- Young People
- Quality Services
- General social services

Gambling Help Services - General

Responding to gambling harm requires an integrated range of responses, best described by application of a 'public health' approach to reducing gambling harm. Over the past decade, most focus on reducing gambling harm has been through the provision of tertiary level services focussed on individuals with gambling problems. These services are very important. However, improved use of primary and secondary responses, including public education and other risk reducing strategies will increase the reach, timeliness and effectiveness of the overall harm minimisation effort.

Recommendation 7: that a "Public Health" approach to responding to gambling harm be developed and implemented across Australia. Ideally this approach will be directed by the Council of Ministers for Gambling.

Adequate levels of resourcing are paramount in enabling high-quality services to be developed and maintained. To achieve peace in his proposed that 2.5% of net gambling revenue be hypothecated to fund gambling help services provided outside of government. The fund would also provide funding to build the evidence base for effective approaches to reducing gambling harm and addressing problem gambling and its impact on families and the community.

Recommendation 8: that 2.5% of net gaming revenue be hypothecated to establish a National Gambling Help Fund to resource non-government gambling help services and research relevant to reducing gambling harm.

Gambling by Indigenous People

Concerns about gambling by Indigenous people relate to both Indigenous people gambling in urban or country town settings and to gambling in remote communities. Many of the measures proposed in this submission will assist Indigenous people who gamble in urban or country town settings. Addressing problem gambling behaviour in remote communities will require different responses.

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Recommendation 9: that programs to reduce gambling harm in remote Indigenous communities be developed in close cooperation with traditional elders and existing health and community services. These programs to be funded from the proposed hypothecation from net gambling revenue.

Recommendation 10: that Indigenous specific financial literacy resources and services be funded that include a focus on gambling.

Recommendation 11: that gambling compliance authorities in all jurisdictions increase levels of compliance checking for venues serving higher than average levels of Indigenous clientele.

Gambling and Young People

Research by Dr. Paul Del Fabbro and others, indicates that levels of problem gambling (using the SOGS instrument) are higher for adolescents than for the adult population. It is crucial that specialist services are funded to particularly assist young people with gambling problems, or who are at risk of developing gambling problems. Responses to gambling by young people are needed at primary and secondary as well as tertiary levels. Some national coordination for social marketing and related services would be appropriate, while some secondary and tertiary responses should be delivered at a State / Territory level.

Recommendation 12: that gambling help services are funded specifically to reduce problem gambling and the risk of problem gambling amongst young people.

Quality Services

Uniting Care Australia observes, qualitatively, that tertiary level gambling help services have been effective in reducing gambling harm for a majority of people seeking help. It is also evident that a range of approaches are generally effective. It is recognised that a plurality of approaches to problem gambling is necessary.

It is also evident that there is limited formal evaluation of gambling help services to quantitatively determine service effectiveness. The valuations need to be undertaken to determine effectiveness and to identify areas of improvement. This would be funded via the proposed hypothecated in from net gambling revenue.

Recommendation 13: that a series of formal evaluations are undertaken of a range of gambling help services to identify best practice and areas for potential improvement of existing practice.

Most of the focus of gaming help services has been to assist individuals with gambling problems to regain control over their gambling. While these services are needed, they generally operate from a 'deficit model'. Recognising that about 10 - 15% of people with harmful addictive behaviours (alcohol, illicit

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drugs, gambling) seek formal assistance from help services to reduce these behaviours, there is a need to develop a greater understanding of self-help and resilience by individuals, as well as their friends and families. Better understanding of how individuals with gambling problems, who do not seek help from specialised services, deal with and solve problems would enhance the capacity of generalist services to reduce problem gambling, particularly amongst the cohort that does not seek formal help.

Recommendation 14: that further study is undertaken to gain a greater understanding of resilience amongst individuals and families who develop responses to problem gambling, without formal intervention.

Responding to Emerging Gambling Threats

While much of the focus on gambling harm in the current environment is associated with electronic gaming machine gambling, there is widespread concern through Uniting Care networks about new and emerging forms of gambling that have considerable potential for promoting further gambling harm. Five broad issues are considered:

- Internet / Betting Exchanges
- Sports Betting
- Mobile Phone / Interactive television
- Poker
- Global Financial Crisis

Internet Gambling / Betting Exchanges

We note with concern the dramatic increase in Internet-based problem gambling in the United Kingdom when the policy decision was made to enable Internet-based gambling, including betting exchanges.

Consumer protection is difficult to establish for online gambling, reinforcing the dangerous nature of Internet gambling.

The current ban on Internet gambling providers being able to recruit Australian customers should be maintained and strengthened.

Recommendation 15: that Internet gambling and any new form of gambling be banned from operations in Australia, as a consumer protection for Australian citizens. To strengthen this measure, credit card debt incurred by Australian citizens, to online gambling providers, should not be recognised as legally collectable.

Noting the intent of this recommendation, there is widespread concern about the High Court's decision to enable Betfair to operate in Western Australia, despite that jurisdiction's clear desire to afford appropriate consumer protection to its citizens. While we have little doubt that the High Court's decision was legally correct, the decision is likely to have significant impacts on problem gambling levels in the future, through increased gambling accessibility and a lack of consumer protection measures. Legislative change

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is required to enable adequate consumer protection measures to be adopted by individual jurisdictions.

Recommendation 16: National legislation needs to be changed to give adequate legal precedence to consumer protection measures put in place by State and Territory jurisdictions, intended to protect their citizens from gambling harm.

Sports Betting

Betting on a much wider range of sports than the traditional thoroughbred racing, harness racing and greyhound racing is now becoming widespread, particularly as sporting codes actively seeking gambling industry partners as sponsors.

Concerns about this development exist at two levels; the risk for increased levels of problem gambling behaviour and the risk to integrity of sporting events.

Sports betting, therefore, needs formal regulation, with each relationship between a sporting body and gambling provider requiring licensing. Licensing conditions to include:

- detailed description of processes to minimise the risk of problem gambling
- a sporting code integrity maintenance strategy
- problem gambling and support integrity auditing arrangements
- public disclosure of compliance and breeches

Recommendation 17: that all sporting bodies having a relationship with a gambling provider and be required to have that relationship registered.

Mobile Phones / Interactive Television

Noting the potential for mobile phone platforms and interactive television to offer gambling, and recognising the lack of enforceable consumer protection measures through these technologies, gambling should not be permitted to be offered through any telecommunications technology.

Recommendation 18: that gambling be banned from a delivery through any telecommunications technology

Poker

One of the significant changes in Australia's gambling environment since the Commission's first gambling inquiry has been the dramatic increase in offerings of poker tournaments in hotels and clubs. While it is claimed that these tournaments are not gambling, because tokens rather than cash is the medium for 'betting' on each hand, poker is still a gambling activity. It is of particular concern that young males, in particular, may be encouraged to gamble with online poker, as a result of their experience with hotel club based poker tournaments, without consumer protection, and at considerable risk of overspending.

Recommendation 19: that all poker tournaments conform to regulation and codes of practice applying to licensed gambling activity.

Global Financial Crisis

The magnitude of the global financial crisis has unfolded since the Terms of Reference for the Inquiry were established. There is potential for the financial crisis to exacerbate conditions conducive to problem gambling, specifically growing numbers of desperate people seeking additional cash and more aggressive marketing of gambling. This reinforces the importance of prompt action to increase the consumer protection associated with all gambling activities

There is clear scope of the Australian government to initiate the development of an international gambling convention, in particular to deal with the emerging threats posed by online and Internet gambling as well as pressures for gambling to increase in response to the global financial crisis

Recommendation 20: that the Australian government initiate the development of an international gambling convention, to deal with consumer protection with particular application to online and Internet gambling.

Regulation, Compliance and Enforcement

Experiences of regulation compliance and enforcement effectiveness vary considerably between jurisdictions and over time.

Uniting Care Australia opines that there are significant roles for both Commonwealth and State / Territory governments in better regulating and managing Australia's gambling industries. These roles are summarised in the Table on the following page.

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Policy Area	Commonwealth Government	State and Territory Governments
Access to Gambling	<ul style="list-style-type: none"> Establish National EGM concentration benchmark (where EGMs legislated) Advertising policy Set national EGM trading hour limit 	<ul style="list-style-type: none"> Licensing Gambling Providers Set regional caps Manage EGM trading / transfer Set codes of practice
Access to Cash	<ul style="list-style-type: none"> Set ATM withdrawal limits and set Bank compliance ACM removal 	<ul style="list-style-type: none"> TITO / cashless gambling regulation
EGM Standards	<ul style="list-style-type: none"> Set national EGM standards Anti laundering / crime processes (eg Crimtrack) 	<ul style="list-style-type: none"> Machine testing for compliance
Pre-commitment	<ul style="list-style-type: none"> Set national pre-commitment technology platform 	<ul style="list-style-type: none"> License pre-commitment systems / programs Promote pre-commitment options
Gambling Help Services	<ul style="list-style-type: none"> Set national service standards Set public Health framework Evaluate services and publish best practice findings National gambling Helpline 	<ul style="list-style-type: none"> Allocate funding Ensure provision of services for higher needs groups, eg Indigenous communities and young people
New and Emerging forms	<ul style="list-style-type: none"> Maintain ban on all Internet and emerging forms of gambling Establish sports betting codes / standards, with coverage of all sporting codes Work internationally to establish International gambling convention or treaty 	<ul style="list-style-type: none"> Collaborate with national government and other jurisdictions
Regulation, Enforcement and Compliance	<ul style="list-style-type: none"> Establish national compliance and enforcement standards and reporting Enforce sport betting codes and ban on all gambling using a telecommunications platform Establish national gambling Industry Ombudsman 	<ul style="list-style-type: none"> Implement effective and accountable enforcement and compliance mechanisms
Research and data	<ul style="list-style-type: none"> National data collection and publishing 	<ul style="list-style-type: none"> Collaborate with national research and data strategy
Other (Taxation?)	<ul style="list-style-type: none"> Model revenue alternatives to state gambling Taxes 	

Recommendation 21: that a national regulator be established with strong compliance monitoring responsibilities

Recommendation 22: that a National Gambling Industry Ombudsman be appointed, accessible at regional level

Data, Measurement and Research

In the decade since the first Productivity Commission report on Australia's gambling industries, there has been very uneven progress in the capturing and reporting of data and measurement of effectiveness of harm reducing strategies. The production of Australian Gambling Statistics by the Office of Economic and Statistical Research of the Queensland Government is recognised as a very valuable contribution; however, a more extensive database is needed. This database would include measures of help seeking behaviour, help service effectiveness, compliance reporting by venues relating to implementation of regulation and codes of practice and agree to data relating to pre-commitment and player tracking approaches.

Recommendation 23: that a broader range of measures is included in the annual public reporting of Australian Gambling Statistics

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Introduction

About Uniting Care Australia

UnitingCare Australia is an agency of the National Assembly of the Uniting Church, representing the network of Uniting Care community services of which there are over 400 nationwide.

The Uniting Care Australia network is one of the largest providers of community services in Australia, providing services to more than 2 million Australians each year, employing 35,000 staff and 24,000 volunteers nationally. It provides services to older Australians, children, young people and families, Indigenous Australians, people with disabilities, the poor and disadvantaged, people from culturally diverse backgrounds and older Australians in urban, rural and remote communities.

This Submission has been prepared by a group of people who are employed by Uniting Care Australia agencies across Australia and who have experience in dealing with gambling issues.

Introduction – This Inquiry

It is understood that this Inquiry builds on from the Productivity Commission's (hereinafter referred to as the "Commission") first inquiry into Australia's gambling industry, which was published in 1999. It is understood that this Inquiry does not seek to replicate the approach taken a decade ago, but rather seeks to investigate change in the period from the release of the first report, with the main focus on the public policy outcomes needed in both the shorter and longer-term future.

This submission is predicated on the commitment of Uniting Care Australia to significantly reduce gambling harm.

Uniting Care Australia congratulates the Western Australian government on keeping Western Australia free of poker machines, except for the Burswood Casino. The significantly lower rates of problem gambling in WA, compared to other jurisdictions as a result of the absence of EGMs (electronic gaming machines) is highlighted to the Commission. Consequently Uniting Care Australia believes that the 'first best' policy for gambling in Australia is to remove poker machines. We are convinced that the harm is much greater than any benefits.

Recognising that gambling activity is broader than EGMs and that legislation permits EGM's outside of Casinos in most States and Territories, this submission responds to a 'second best' gambling policy setting.

Introduction - Economics Perspectives on Gambling

A long-standing perspective promoted by industry, as well as government on occasions, is that gambling is a legal and enjoyable recreation that should be considered in the same light as any other recreational activity or consumer

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“good”. Uniting Care Australia however, is of the firm opinion that gambling is very different from other “goods” or “services” offered to the Australian public.

We understand an “economic good” to be an object or service (activity) that increases benefit (or “utility”, which we accept as a synonym for benefit).

Gambling does share one element with the consumption of a standard ‘good,’ namely that utility (or enjoyment) diminishes with continued consumption. While we are not aware of any rigorous attempts to measure utility from gambling, we assert that utility for gamblers diminishes to zero within about an hour of EGM play, with utility likely to be negative within 2 hours of EGM gambling. We base this assertion on research, which is cited later, that shows that one of the indicators of likelihood of a person having a gambling problem is duration of play. We also state that a person with an addiction, including a gambling problem, derives negative utility from consumption related to their addiction, despite what they may assert if surveyed whilst affected by their addiction.

The understanding of declining utility from gambling is an important premise for developing sound gambling policy.

There is a considerable economics literature about efficiency and equity, with 4 views being widely discussed. These are summarised in Table 1 below:

TABLE 1	Four Views of Efficiency and Equity ² compared to Gambling
Pareto	An efficient economic move is one where at least one person is better off and no one is worse off
Egalitarian	All members of society receive equal amounts of goods / services
Utilitarian	The total utility of all members of society, in aggregate, is maximised
Rawlsian (John Rawls)	The utility of the least well off person in a society is maximised
Gambling	For one person to win, someone else must lose

Table 1

The notion of Pareto optimality (which can be stated as: no useful activity is possible without making someone worse off), as developed by Vilfredo Pareto, is one of the earlier understandings of efficiency and equity and is still widely used in economic thought.

The important observation is that the concept of gambling is incompatible with all of the views of economic efficiency and equity presented in Table 1. A conclusion from this observation is that gambling cannot be considered to be

² Based on Table 16.2, Robert Pindyck and Daniel Rubinfeld, Microeconomics, Macmillan Publishing Co, 1989

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an economic 'good' as it fails all reasonable notions of equity and efficiency. This then suggests that the standard rules of market economics are inadequate to achieve socially and economically efficient and equitable outcomes.

We note that most analysis of gambling industries, and any subsequent policy proposals, are predicated on prevailing competitive market economics. The conclusion drawn above, that gambling fails the Paretian conditions for optimality in the market, indicates that what might be regarded in other markets as the "first-best optimum", cannot apply to gambling 'markets'. The optimum public policy outcomes will consequently be those described by a "second-best optimum". Lipsey and Lancaster considered that "if it is impossible to satisfy one or more of the conditions for a Paretian optimum, then a second best optimum can only be achieved by departing from all the other first best Paretian conditions"³

We conclude from the 'theory of second-best', that the application of market economic analysis and policy prescriptions to gambling is poor policy. Gambling must, consequently, be closely regulated to avoid market and social failure, with policy based on the concept of 'second best'.

Since a significant amount of gambling expenditure comes from people with gambling problems or at risk of gambling products, gambling demand must be regarded as being very highly inelastic. With this observation, we suggest that the 'second best' policy prescription for gambling is to treat it like a monopoly industry.

The regulatory treatment of gambling must be more rigorous than for economic 'goods' or services because there is a greater risk of harm arising from gambling, which is not a 'good'.

One observation about regulated monopolies is that public policy sets a regulated 'reasonable return' for such industries. Energy transmission and distribution companies, provide services that meet the criteria for being 'goods' that are also essential services and so of much greater community value than gambling, however they are regulated monopolies and provide a useful policy reference point. Their net rate of return is usually set between about 6 – 8% per annum. This provides a useful benchmark for considering an appropriate rate of return to gambling providers. Regulation to set this level of return would be consistent with existing regulated monopolies.

Historically, Australian regulation associated with gambling has concentrated on minimising the risk of organised crime in either the operation of gambling activity, or the use of gambling to 'launder' money.

Harm from gambling is now much more associated with "problem gambling" by individuals, and how it impacts on families, children, employers and

³ Quoted from: Microeconomics, C.A.Tisdell, John Wiley and Sons, 1972

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communities more generally. The evidence from Uniting Care Australia, and other community services, including gambling help services, is that a majority of problem gambling is largely explained by poker machine (EGM, VLT) gambling, particularly in hotels and clubs.

Introduction – Gambling Harm

Gambling causes significant harm to many Australians. An unacceptable proportion of those who gamble regularly are gambling more than they can afford, and this causes a range of negative impacts in their lives and the lives of those close to them. People who gamble are entitled to expect products and services that are safe. Inadequate regulation, deceptive marketing and political factors have resulted in a poor level of consumer protection.

It is callous to spruik the numbers of jobs, taxes collected and fortunes made, while blaming the victims for their own foolishness in becoming addicted to a product that was inevitably going to cause them harm.

State governments have responded to the harms caused by gambling in their jurisdictions with varying levels of commitment, with intense pressure from the gambling industry lobby to curb legislation and regulation that would reduce such harm. There is a need for the Federal government to encourage those states and territory governments that are lagging behind in addressing gambling harm, while supporting those that have been taking the lead. The Australian Government also has a responsibility to ensure that, where practical, harm minimisation measures are applied across the whole of Australia and not left to State and Territory governments, nor allowing a 'race to the bottom' for the lowest levels of consumer protection. Strong national frameworks are also needed to avoid individual jurisdictions accepting the illusory claims of jurisdictional benefits from marauding companies seeking a foothold in Australia, without any attempt to implement harm minimisation measures.

Community organisations such as Uniting Care Australia experience the results of problem gambling on a daily basis. Gambling counselling, financial counselling, homeless people's services and many more of our services are constantly needed to help put victims of gambling back on their feet. However, these services cannot reverse much of the damage that is done to personal finances, relationships, jobs, mental health and the dreams that were shattered by the destructive force of problem gambling.

Gambling is an addiction like no other. All a person needs is money, then they can gamble continuously until the money runs out.

In the decade since the Productivity Commission's first Inquiry into Australia's Gambling Industries, gaming activity, as measured by turnover or NGR (Net Gambling Revenue) has continued to grow, particularly for poker machine gambling. While some recent gambling prevalence studies are reporting point estimates (from probability ranges in which likely prevalence occurs) below the 2.1% of adult population, which was the gambling problem point estimate

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from the Commission's first gambling Inquiry, Uniting Care Australia is not convinced that levels of problem gambling have fallen significantly below the level they were a decade ago, though it is likely there have been small reductions of levels of problem gambling over the last decade, particularly where harm reduction measures have been introduced and compliance reinforced. The public policy priority should be to implement measures with a high likelihood of reducing gambling harm.

The experience of Uniting Care Australia agencies that assist people experiencing gambling problems and the impacts of problem gambling, and the evidence from research referenced throughout this submission suggests:

- levels of problem gambling have not changed significantly over the last decade
- for every person with a gambling problem, at least five other people are adversely affected,
- on average one child is adversely affected for every person with a gambling problem, on average
- electronic gaming machines are the major form of gambling activity from people with problem gambling behaviour who seek help
- one in five people seeking help with gambling problems have contemplated or attempted suicide
- over a quarter⁴ of regular poker machine players exhibit problem gambling behaviour
- there is a significant and direct correlation between levels of gambling spending and levels of problem gambling
- problem gambling reduces the capability of the individuals concerned to reach their potential, and to participate fully in the social and economic life of the community

Uniting Care Australia, therefore, proposes a series of measures to increase consumer protection when people use gambling products and further measures to reduce the more specific concerns associated with problem gambling.

1.2. Nature and definition of gambling

Competitions and trade promotions

The definition of gambling adopted by the Commission is conservative and fails to incorporate the rapidly growing area of competitions and trade promotions. This largely unregulated area of fringe gambling is significant in providing a training ground for children to become conditioned to the concept of gambling. In some cases it can cause direct financial problems. A consideration of gambling in Australia is incomplete without the inclusion of these widely popular, yet little-understood, forms of gambling.

⁴ Victorian study, 2003 found 28% of weekly EGM gamblers had a gambling problem (SOGS 5+)

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Competitions

Phone-in competitions are widely popular, often promoted on television. Where there is no limit to the number of times one can enter, there is potential for harm. These competitions warrant Commission attention.

The Children's Television Standards made under s.122(1) of the Broadcasting Services Act 1992 provides:

"CTS 9 Prizes

- (1) No prizes may be offered or given during a P program.*
- (2) In C programs which involve the giving or offering of prizes:*
 - (a) the presenter may not recommend or endorse a product or service which is presented as a prize, nor encourage children to buy it;*
 - (b) the price or value of a prize may not be mentioned; and*
 - (c) any description by the presenter should only be to clarify the nature of the prize."*

These restrictions on the advertising of prizes during children's programs are recognition of the fact that children are not sufficiently mature to understand the nature and consequences of gambling. A number of research projects cover the cognitive limitations of adolescents in relation to understanding pre-gambling or semi-gambling activities, such as competitions.

Trade promotion lotteries

An enormous number of trade promotion lotteries are available. Trade promotion lotteries include:

- 190 premium service telephone facilities,
- SMS and MMS lotteries
- Instant win, scratch, break-open and bingo style lotteries
- Lotteries promoting gaming machines
- Lotteries where the winner is linked to the outcome of a horse or greyhound race
- Card jackpot games, including Jokers Wild and Wild Card

Placement of a bet requires the purchase of a product, which may be more expensive than comparable products not offering a chance to win the prize. The NSW Office of Liquor, Gaming and Racing (OLGR) produces an information sheet titled "Trade Promotion Lotteries" *which* states:

"A trade-promotion lottery is a free-entry lottery conducted to promote goods or services supplied by a business. It is sometimes called a sweepstake, competition, contest or giveaway....entry must be free. However, a trade promotion lottery in which entry is gained by purchasing goods or services at their normal retail value (e.g. where proof of purchase is required) is allowed."

The OLGR requires businesses running trade promotion lotteries to complete an application form and pay a fee.

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Some are available to children, some are restricted to persons over 18 years of age (e.g. with a liquor prize). The OLGR states in relation to trade promotion lotteries:

“A child should not be allowed to participate in a lottery where the type of prize may cause problems between a parent/guardian and the child – unless the lottery rules require a parent/guardian to give written permission for the child to participate. Prizes unsuitable for children should not be offered.”

Interestingly, the OLGR rules prohibit lottery advertising that depict children participating in lottery activity, even for lotteries where children are lawfully entitled to enter.

NSW also has detailed restrictions on trade promotion lotteries that promote gaming machines. These state that the prizes paid as part of a player reward scheme or other gaming machine promotion must not be:

- In cash
- Exceed \$1,000 in value
- Be exchangeable or redeemable for cash

However, the gaming industry in NSW has partially circumvented these restrictions in a number of ways, including by having player reward schemes in which promotional points can be earned by both gaming machine expenditure and other expenditure.

Other Gambling

Schools, sports clubs and other community groups frequently use raffles, guessing competitions and other forms of gambling to raise money. Initially it may seem trivial to criticise such activity, but it is a highly effective means of educating young people to gamble. The message to young people is that “you can get something for nothing.”

Poker

The dramatic increase in poker playing should also be included in this study. Although poker is not considered to be gambling when played on a competitive basis, the reality is that much unregulated and unlawful gambling occurs on poker games both physically and over the internet.

The NSW Office of Liquor, Gaming and Racing (OLGR) produces an information sheet titled “*Poker Tournaments in NSW*” which states that it is legal to gamble or stake money or valuables on the outcome of a game of poker, as long as the game of poker is between individuals and does not take place in a registered club or hotel, and is not used for charitable fundraising. There are no statistics on the numbers or amounts involved in poker gambling as it is not necessary to register with the government or pay a fee. However, there are certainly thousands of participants in organised poker games in clubs, hotels and casinos each week. Poker play on the internet is particularly popular with young people under 30, and there is little to stop children playing poker for money online.

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Mah-jong and other cultural gambling

Other forms of gambling should be considered, such as traditional games like mah-jong. Recent research presented at NAGS 08 revealed a significant level of gambling on mah-jong by the Chinese community and a significant level of problem gambling. Because of the supportive nature of Chinese family structures, very few mah-jong players seek assistance from gambling counsellors, so the problem remains largely invisible.

While much of this submission focuses on electronic gaming machine (EGM) - based gambling, as it is the form of gambling most significantly associated with gaming harm, it is important that the breadth of gambling is understood, and included in legislative and regulatory proposals. The Commission is also encouraged to give some consideration to questions of 'trade promotions' and the ubiquitous television based phone in competitions which blur the boundaries between gambling and competition game or promotional activity.

Gambling Activity in Australia

2.1. Gambling Industry Structure in Australia

What have been the main changes to the structure (shares, ownership patterns, location) and conduct of Australia's gambling industries? What are the likely future trends? What new technological platforms for gambling are emerging? What are the impacts of these changes on gamblers, businesses, and the likely social costs and benefits of gambling?

We observe a number of changes over the past decade, including:

- Increasing concentration of key industry players – groups of casinos, groups of hotels, groups of clubs, groups of wagering
- Increased political muscle of larger groupings, especially when linked to other big business, e.g. Packer, Woolworths
- Inter-venue gambling, e.g. Keno, Statewide poker machine links
- Spread of gambling everywhere. WA is the last state resistant to poker machines
- Big business approach to standardisation, marketing, profit maximisation
- Young people moving to internet and telephone gambling. Hotel pokies popular with young people. Clubs are havens for the asset rich elderly, in some jurisdictions
- Growing Relationships between (elite level) sport and gambling providers

What have been the changes to gaming machines (numbers, location and characteristics)? Why have these occurred and what have been the impacts? What future trends are likely in the characteristics of gaming machines?

Gaming machine play is much faster than it was a decade ago. This is particularly the case in States such as NSW where note acceptors and ticket-in, ticket-out (TITO) technology is available. Reel speed has increased as well. This means that gambling venues can increase the average return to player and simultaneously increase the revenue. By increasing the average return to players, the regular and problem gambler receives increased reinforcement. They can feel the machines paying more over the long hours they gamble. So they gamble more and lose more, so making gaming machines more addictive than they were a decade ago.

Gaming machines now have more colours, lights, sounds and special features that attract gamblers. In particular, free spins are very popular with hardcore gamblers who may spend hours playing a single machine trying to win the feature.

The time spent by gamblers on EGM gambling has been extended by the increased use of 'free spins'. The Gambling Research Australia report on pre-

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commitment by gamblers found that extending gambling to obtain free spins was one of the factors that caused EGM gamblers to break their pre-commitment decisions and exceed their self-imposed limits.⁵ The research found that setting a goal to obtain a certain number of free spins before leaving was one of the critical factors that caused people to continue gambling on EGMs beyond their self-imposed limits. The report recommended that the reinforcement schedule of free spins in the context of EGM gambling should be examined.⁶

The gaming industry constantly gains information about what configurations of machines will maximize revenue. They know that venues with larger numbers of machines will attract more gamblers who spend more, and that banks of machines should be placed in certain combinations so that they “feel right” to a gambler. We note that early this decade, EGM manufacturers placed this sort of information as well as ‘volatility’ rating of EGMs on their websites. This sort of information is no longer available for public scrutiny.

Gambling research, often funded with public money with the purpose of addressing problem gambling, has been counter-productive in one respect. This research is carefully read by gaming machine manufacturers who incorporate it into future machine design. So we have a better understanding of some of the different personality types that gamble and we have a range of gaming machines that is intended to target each personality. A young male seeking action is the target player for a “Big Red” dollar machine. An older female seeking escape will probably choose one of many low volatility 1 cent machines on offer.

However, the average age of gaming machine players is rising because many young people find gaming machines old fashioned in comparison with many of the non-gambling forms of electronic entertainment on offer.

2.2 Gambling Expenditure

What factors explain trends in gambling expenditure, particularly in gaming machine expenditure, since 1999? Has the gaming machine market ‘matured’? What roles have harm minimisation measures played?

There are many factors to consider. Some factors have increased gambling expenditure, others have decreased expenditure.

In jurisdictions other than WA, the gaming machine market has changed significantly, but it is not true to say that it has matured and that no further growth is possible. Demand for gaming machine gambling is dependant on many factors and there are numerous regulating factors, such as the number and location of machines, regulations on promotion of gaming machines, harm minimisation measures etc. There is no doubt that gaming machine

⁵ McDonnell Phillips Pty Ltd, “Analysis of Gambler Pre-Commitment Behaviour”, Gambling Research Australia, June 2006, p. 21.

⁶ McDonnell Phillips Pty Ltd, p. 26.

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expenditure could increase significantly if hard won consumer protections were removed.

Noting jurisdictional differences, developments in gaming machines that have exacerbated gambling expenditure in general include:

- Relocation of machines in localities where revenue is maximized
- Increased speed and loss rate
- Secondary features on machines, and more sophisticated graphics, sound etc
- Note acceptors
- Sophisticated marketing and loyalty schemes

Where EGM gambling expenditure has declined, when compared to the same period in the previous year, the explanation has invariably been the introduction of smoking bans in gambling venues. We observed that there is a short-term impact of 10 to 15% NGR reduction with the advent of smoking bans in gaming rooms. However, we observe that gambling expenditure returns to the (upward sloping) trend within 18 to 24 months. So while smoking bans reduce EGM gambling in the short-term, there is no medium to longer term change.

We also note that gambling is seasonal, with higher levels of gambling in winter months than summer months, so comparisons of trends need to be with corresponding periods, rather than previous period.

Loyalty schemes

Loyalty schemes are more popular with recreational gamblers, but not so popular with problem gamblers because their focus is on gambling, not on the prizes won. Problem gamblers who may be gambling stolen money or be sensitive about privacy may choose not to join loyalty schemes so that they may remain anonymous. See notes in AGR3 at 147.

Harm minimisation measures that have had the greatest impact on reducing gambling expenditure are probably:

- A ban on the provision of free alcohol as an inducement to gamble
- Restrictions on credit for gambling
- Restrictions on note acceptors. (Compare growth in gambling expenditure between SA, which has coins only, and NSW which has note acceptors)
- Restrictions on advertising and marketing
- Restrictions on smoking

What factors explain the increased share of gaming machine expenditure in total gambling expenditure since 1999?

Gaming machines are easily accessible everywhere in Australia, except WA, where they are restricted to the casino. Gaming venues have developed

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marketing strategies that are more effective in introducing people to gambling and getting them to stay longer and gamble more.

Smoking is still permitted in outdoor gaming areas with many venues announcing the building a large extension which will allow gaming machine players to smoke.

What are likely to be the future changes in spending for different types of gambling, especially in relation to gaming machines and to new technologies (such as those involving the internet or mobile phones)?

It is likely that gaming machine expenditure will continue to rise at a modest rate as further fine tuning by the industry maximises gaming machine usage and profit.

However, Internet and phone gambling is set to grow significantly in the coming decade as the marketing of these new gambling products intensifies. The big draw at the moment is "free bets" where the bookmaker or casino provides free credit to gamblers who open new accounts. The potential for marketing gambling by Internet and phone is largely untapped. Betfair, for example, is offering free \$50 for gamblers (outside to NSW) who sign up with them.⁷

Internet Gambling

Australia has 'lagged' behind the worldwide boom in internet and phone gambling due to the plethora of terrestrial gambling options available. The restrictions on internet gambling imposed by the *Interactive Gambling Act 2001* have meant that Internet gambling operators have been unable to market their products to the same extent as they have in jurisdictions where internet gambling is legal, such as Europe.

However, there is no doubt that Australians are increasing their participation in internet gambling. At present, problem gambling counsellors are only seeing a handful of clients presenting with an addiction to internet gambling. This is not surprising as internet gambling is primarily used by younger gamblers who are less likely to seek counselling help.

Poker is the most common form of internet gambling. Poker providers claim that here is a significant skill element involved, this can add to the addictiveness of the game.

The recent report by R.T. Wood and R.J. Williams for the Ontario Problem Gambling Research Centre "*Internet Gambling: Prevalence, Patterns, Problems and Policy Options*" states that the prevalence of problem gambling is 3 to 4 times higher in Internet gamblers compared to non-internet gamblers. They say that internationally, 27% of the revenue of internet gambling providers comes from problem gamblers.

⁷ www.betfair.com.au, 24th April 2009.

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Significantly it seems that problem gamblers migrate to the Internet more than develop gambling problems there. It is difficult to effectively prohibit online gambling. Rather restrictions on advertising, payment by credit cards and enforcement of gambling debts in the courts combined with a consumer protection awareness campaign can discourage all but the most determined gambler from this new medium.

Gambling Through Digital TV

The Victorian Commission for Gambling Regulation (VCGR) has approved that TABCORP will be able to allow people to gamble through their televisions, if they have a telephone betting account and have Foxtel. This Commission argued that there is a safeguard in that people can set up a pin number, so children will not be able to access the system. Further, the Commission argued that there are currently only a couple of hundred people who would have both a telephone betting account and subscribe to Foxtel.

However, no broad public inquiry was conducted into this expansion in gambling opportunities and a thorough assessment as to its potential to increase problem gambling in the State does not appear to have been conducted. People who have worked in the gambling industry have indicated that there is substantial potential to increase gambling opportunities through interactive television.

Uniting Care Australia is concerned about the potential for a widespread roll out of gambling through interactive TV, without due diligence processes, including widespread consultation and careful consideration of consumer protection questions

Participation Profile of Gambling

3.1. Participation profile of gambling, including problem gamblers and those at risk of problem gambling

The Californian Council on Problem Gambling has developed the following extended categorisation of gambling behaviours.

Definitions

- Action Gambling
- Antisocial Gambler
- Compulsive Gambling
- Escape Gambling
- Gambling
- Impulse Control Disorder
- Pathological Gambling
- Problem Gambling
- Process Addictions
- Professional Gambler
- Social Gambling
- Social Gambling (Serious)

Amongst Uniting Care gambling help services there is a general acceptance of the following summary categorisation of gambling behaviours, with which we are comfortable.

- Recreational gamblers
- At risk groups, specifically
 - Indigenous People
 - Young People
 - People from some Culturally and Linguistically Diverse Communities
- Problem gamblers
- Pathological gamblers

What surveys of the participation and profile of gamblers have occurred since 1999 and what do they show? What methodology was applied in these surveys? How robust are the results?

We understand that the Commission has identified all significant surveys, so highlight that surveys in NSW, SA and ACT have shown high participation of young people, which is of major concern

We also question the reliability of phone surveys a common profile / prevalence methodology for reasons including:

- problem gamblers can be dishonest,
- young people are not going to admit to gambling on phone with family listening in.
- Phone surveys use landlines, which have diminishing use compared with mobile phones

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- People with gambling problems are more likely to be away from home during survey times, than other people, since people with gambling problems spend considerable time at gambling venues

We conclude that phone surveys are highly likely to underestimate levels of problem gambling. Different screens have also been used in surveys, making comparisons of results difficult

What new problem gambling instruments have been developed since 1999, either in Australia or overseas?

We are aware of the development of the following screens:

- Canadian Problem Gambling Index
- Victorian Gambling Screen
- Eight Screen

Some counsellors in Uniting Care Australia services also use SOGS, DSM-IV, G-Map, SCIP to assess problem gamblers, but these have a different function to surveys.

How adequate are the instruments, particularly the Canadian Problem Gambling Index and the Victorian Gambling Screen, in measuring problem gambling prevalence in Australia?

From the perspective of setting public policy, there are not significant differences between the various screens that have been used in Australia to identify levels of gambling risk for individuals. The critical issue is consistency in use of particular screens. For example, results from surveys undertaken using the Canadian problem gambling index or the Victorian gambling screen, cannot be directly compared with results obtained from surveys using SOGS. We observe that the Victorian gambling screen is not widely used now and that the Canadian Problem Gambling Index has been used with greater frequency over recent years, suggesting that the CPGI is likely to be the 'standard' screen for the next few years.

Understanding the instrument and consistency in use of the instrument over time are more important than the relatively technical debates between instruments which generally measure similar factors.

How do these new instruments compare with the South Oaks Gambling Screen?

Is it possible to refine these instruments further, or to change the survey methodology that applies to them to make them more accurate or counter the inherent bias in responses?

From both a public policy and gambling help service perspective, there is little difference, in analysis, between SOGS and CPGI. The critical issue is that direct comparisons are not made between results from surveys using SOGS and generally more recent surveys using CPGI. It is ideal that the same

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measure is used over time, to enable comparisons to be legitimately undertaken

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Gambling and 'At Risk' Groups

What changes have occurred to the incidence, prevalence and profile of problem gamblers once account is taken of the potentially different thresholds used to define problem gambling? What has happened to 'at risk' groups? Have new groups of problem gamblers emerged? Have problem gamblers spending patterns changed? What factors are likely to have affected problem gambling prevalence?

The prevalence of problem gambling seems to have plateaued but with wide variations in studies, the incidence is unclear. We observe that problem gambling associated with EGMs has probably plateaued, however poker and sports betting have increased.

At risk groups of particular concern are:

- Young people
- Elderly people, particularly women
- People from some culturally and linguistically diverse communities,
- Indigenous people

Each of these groups have different issues and needs

There has also been an impact from harm minimisation measures and an associated raised public awareness of risks from gambling

3.2 Gambling and Indigenous People

There is clear, observable evidence of high levels of gambling by some aboriginal people in towns adjacent to traditional Aboriginal communities, for example, Alice Springs, Ceduna and Port Augusta. There is strong anecdotal evidence of significant levels of informal gambling in remote aboriginal communities, e.g. the APY lands in South Australia. In addition, gambling activity is high for some aboriginal people in cities and regional centres, both from residents and visitors from more remote locations. A study conducted for the SA Independent Gambling Authority by the Department of Education and Children's Services and University of Adelaide⁸ found that:

"Indigenous students are significantly more likely to be at risk of gambling-related problems than non-Indigenous students."

In general, Indigenous people who gamble in non-remote locations tend to use regulated gambling products, particularly poker machines, but also TAB and Lottery gambling. People in remote locations have very limited local access to regulated gambling products and so gamble 'informally', particularly on card games. It is observed that in some communities, it is quite common for a card game, e.g. poker, to have thousands of dollars 'on the table'.

⁸ Adolescent Gambling in South Australia: Ms. Chrisi Lambos, Associate Professor Paul Delfabbro, School of Psychology University of Adelaide Mr. Stan Puglies Dept Education and Children's Services, Adelaide, 2007

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Responses to Indigenous Gambling

We suggest that there are three main groups of responses that would be helpful in addressing gambling issues for Indigenous people:

1. improved learning opportunities about financial literacy
2. 'general' consumer protection and public health strategies that are addressed elsewhere in this submission
3. development of specific gambling help services for remote communities.

Financial Literacy

Uniting Care Australia believes that there is a place for specialist financial literacy education for Indigenous people that is developed with Aboriginal leaders and Aboriginal educators. Financial literacy programs would be developed for adults as well as adolescent males.

Financial literacy for Aboriginal people needs to address a range of issues where aboriginal people are at risk of exploitation (e.g. second hand cars, gambling), or losing money because systems are not well understood (e.g. fees for balance enquires at ATM's)

General Consumer Protection

There are a range of measures proposed in this submission to increase population wide consumer protection, associated with the use of gambling products, these measures include:

- reducing opening hours for poker machine venues
- slowing the speed poker machines
- establishing national poker machine design standards
- introduction of technology assisted pre-commitment to assist gamblers to limit their time and money spending to what they intend.

These measures will help to reduce problem gambling for Indigenous people as well as all other citizens. The applicability of pre-commitment strategies to assist Indigenous people is worthy of further consideration.

Uniting Care Australia observes that compliance and enforcement of gambling regulations may not be as rigorous in some venues in towns adjacent to remote Indigenous communities. An increased focus needs to be given to compliance with gambling regulations, particularly consumer protection aspects, for gambling venues with high levels of Indigenous clientele.

Indigenous Specific Gambling Help Services

Uniting Care Australia observes that the impacts of gambling on Indigenous communities and individuals is not given the same consideration as other public health issues, yet gambling is a significant concern for Indigenous communities. There are very few gambling help services designed particularly to assist Indigenous people, and even fewer services that are available to people in remote communities and on traditional lands.

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Additional funding for services to assist Indigenous communities to respond to problem levels of gambling is a high priority. Services will need to be developed in close cooperation with traditional elders and with local services that have expertise in working with Indigenous communities. Services to assist with gambling will need to be able to assist individuals and communities with the range of public health issues that are being confronted by these communities.

Recommendation: that programs to reduce gambling harm in remote Indigenous communities be developed in close cooperation with traditional elders and existing health and community services. These programs to be funded from the proposed hypothecation from net gambling revenue.

Recommendation: That Indigenous specific financial literacy resources and services be funded that include a focus on gambling.

Recommendation: That gambling compliance authorities in all jurisdictions increase levels of compliance checking for venues serving higher than average levels of Indigenous clientele

3.3 Young People

Increasingly, technological developments such as the internet and mobile telephones (and also, sophisticated video games) provide new or potentially new distribution channels for gambling participation by young people. Sports bars and 'events based wagering' are increasingly targeted at young people as a distinct market segment.

Sports betting is said to be favoured by many young people. Digital television is likely to expand opportunities for wagering and events based gambling in the future. Griffiths (UK: 2000) asserts that adolescent gambling is a major problem in society today. Some forms of gambling are illegal due to the age of the participant, while problem gambling 'appears' to be associated with other risk factors including, *inter alia*, illicit drug taking and alcohol abuse. While overwhelmingly a male phenomenon, the extent of youth gambling is said to be a major concern because of the link to subsequent adult problem gambling.

In the UK, lotteries, scratch cards and slot machine gambling are reported to be the main forms of adolescent gaming. Little is known about the propensity of Australian youth to participate in the first two of these, where the purchase of tickets is freely available in newsagents and even less is known about underage poker machine play.

Indeed, relatively little is known in Australia about the extent of participation in all forms of gambling, particularly informal gambling, by young people, nor the risk factors that may lead to problem gambling. Empirical studies have consistently argued a positive relationship between alcohol, tobacco, crime and youth gambling. Very little is known about the pattern of experimentation

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with gambling and, like other forms of youth experimentation and whether this declines with maturity.

The following observations from the DECS, University of Adelaide study, "Adolescent Gambling in South Australia", are significant.

(6.2) Prevalence and Changes Over Time

- Around 50-60% of adolescents (aged 13-17 years) gamble at least once per year. This rate is very similar to the rate obtained in 2001 and in other Australian surveys, but lower than the rate obtained by the Department of Families and Communities in a telephone survey in 2005.
- Around 60% of this gambling by adolescents is undertaken with their own money, whereas the rest is undertaken with the assistance of adults (usually parents). These results suggest that parents play a very important role in the uptake of gambling activities, but also suggest that the overall prevalence of independent gambling in adolescents is lower than the prevalence rate of 50-60% described above (i.e., only around 40% of young people in the population actually gamble and do so with their own money).

6.5 Problem Gambling

- Around 2-4% of adolescent gamblers experience problems with their gambling, a rate which is over double the adult rate. However, based on the estimated amount being spent per session (usually only \$10-20), it is likely that most of these problem gamblers are not experiencing significant financial hardship as a result of their gambling. The concern is only that these young people appear to have developed a pattern of gambling behaviour that may place them at serious risk of future harm, and the development of more serious gambling problems as adults.

This research by Dr. Paul Del Fabbro and others, indicates that levels of problem gambling (using the SOGS instrument) are higher for adolescents than for the adult population. Measures suggested in the next section will assist (e.g. Poker, Internet and mobile phone gambling). However, it is also crucial that specialist services are funded to particularly assist young people with gambling problems, or who are at risk of developing gambling problems. Responses to gambling by young people are needed at primary and secondary as well as tertiary levels. Some national coordination for social marketing and related services would be appropriate, while some secondary and tertiary responses should be delivered at a State / Territory level.

There would be merit in establishing specialist help services to focus on attracting and working with young people. Online help and advice services are also likely to be useful sources of information and advice as well as more targeted assistance, for younger people.

Recommendation: that gambling help services are funded specifically to reduce problem gambling and the risk of problem gambling amongst young people.

Impacts of Gambling

4.1 The Impacts of Gambling

Have the nature and extent of impacts from gambling on the gambling industries, other industries, gamblers and the wider community changed since 1999? In what way? What factors have contributed to any changes? For example, have measures introduced by governments to address problem gambling and those at risk of problem gambling reduced the extent of social costs of gambling?

The following comments were provided by two gambling councillors working for Uniting Care Australia Wesley Adelaide, both have over seven years experience. They responded to this set of questions, and their comments are largely unedited

Counsellor A: I've been a therapeutic counsellor with Gambling Help Services, GHS, since 2002 and, of course, can only speak from my own experience. I don't necessarily have any stats to back up my views, but I've given some thought to general trends. I cannot say that I have been aware of any of the measures introduced by governments having made any significant impression on the extent of the social costs of gambling.

One change that has taken place since I first joined GHS has been the implementation of Gaming Care, Club Safe and the SkyCity Host Responsibility programme. All of these have given us the opportunity to educate workers in gambling venues around issues for our clients and about our service. Having said that, I cannot say that I have been able to observe any significant change in the nature and extent of impacts from gambling on gamblers and the wider community since their implementation. My personal experience is that clients are very cynical about these agencies and their "efforts" to address problem gambling. The analogy of drug addicts going to their dealers for help has been mentioned.

Counsellor B: Over the years that I've worked with GHS I've found that fraud became more difficult. In the early days, it was relatively easy to forge a signature, but the more it happened, the tighter security became. The more publicity there has been around problem gambling, the less sympathy there has been from financial institutions. The number of bankruptcies among problem gamblers has remained high.

Counsellor A: Over the years that I've worked in the area I believe that I've seen an increase in the percentage of clients who have committed crime related to problem gambling and I believe that we have also seen an increase in the number of clients who have attempted suicide. What we are also seeing, of course, is problem gambling in several generations of the same family. Many of our younger clients tell us that they were introduced to gambling (especially poker machines) by their parents at their 18th birthday party.

Counsellor B: I believe that the impact on families seems to be more serious now than in the past, as more families seem to be living on a tight budget with

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little room for manoeuvre. In recent times I've heard about more families than before where Families SA has become involved and there have been threats to remove children owing to neglect related to parents' gambling.

Counsellor A: I don't think the range of gambling products has changed much at all. We have had a few clients recently involved in internet gambling, but they are a very small percentage of our client group and the overwhelming percentage are still poker machine gamblers. For younger men, there seem to be more of them who are involved in a variety of gambling areas eg TAB, poker machines, poker, casino games, sports betting and Keno. Young men are also the ones who most often use drugs and alcohol along with gambling. However, they are still a very small percentage of our clients. Clients who have pre-existing mental health conditions (ie not depression or anxiety which results from their gambling problems) also make up a small percentage of our clients. Women are still almost exclusively poker machine gamblers.

The perspective of gambling help councillors is generally that measures applied over the past decade have had little noticeable impact on levels of problem gambling.

Consumer Debt

The national level of consumer debt, particularly credit card debt, has grown considerably over the past decade. A significant amount of this consumer debt has been created by expenditure on gambling. Financial counsellors frequently see problem gamblers who have unsecured debt in excess of \$50,000, which is unlikely to be repaid.

In many cases, gamblers take out a succession of credit cards and other loans, using the newest sources of credit to maintain the minimum repayments on the older debts, which are usually maintained at the maximum limit. Eventually creditors will decline applications for credit. However, this may only occur after a very large total debt has been incurred. In the most extreme instance, one woman incurred total unsecured debts of \$280,000, all of which was lost gambling.

Changes to the regulation of credit reporting, which is governed by the Privacy Act, will come into operation later this year. The changes will enable lenders to access more information about an individual's finances before making the decision to lend. This will hopefully reduce the amount of credit available to problem gamblers and increase lender fiduciary responsibility

Bankruptcy

Bankruptcy statistics indicate that gambling is not a significant cause of bankruptcy. The Operation of the Bankruptcy Act Annual Report 2007-2008 contains the following information:

- 983 bankruptcies,
- 92 debt agreements and

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- 8 personal insolvency agreements (combined business and personal bankruptcies) were attributed to gambling or speculation on a self-reporting basis by the insolvent debtors. While this figure seems quite modest, it is not an accurate representation of gambling as a cause of bankruptcy. Many gamblers choose to nominate “excessive use of credit” as a cause of bankruptcy instead of gambling. They do so because they are fearful of the negative consequences of disclosing their gambling problem. Section 271 Bankruptcy Act states that where gambling materially contributed to a person becoming bankrupt then the person can be prosecuted and sent to prison for up to a year. This has long been a matter of concern to gambling and financial counsellors. Gambling is a legal activity that is sanctioned by State and Territory governments. These governments are willing to collect the taxation revenue despite ample evidence that a considerable percentage of that revenue is collected from problem gamblers. It is unjust for problem gamblers to then risk prosecution because they gambled more than they could afford and became bankrupt.

In response to complaints from counsellors, the Insolvency and Trustee Service of Australia issued a Policy Statement called “Referral of Offences under Section 271 of the Bankruptcy Act 1966 (Rash and Hazardous Gambling), which can be downloaded at:

[http://www.itsa.gov.au/dir228/itsaweb.nsf/docindex/about+us-%3Eitsa+practices+&+policies-%3EIGPS+Documents/\\$FILE/Referral%20of%20Offences%20for%20Rash%20and%20Hazardous%20Gambling%20under%20Section%20271.pdf](http://www.itsa.gov.au/dir228/itsaweb.nsf/docindex/about+us-%3Eitsa+practices+&+policies-%3EIGPS+Documents/$FILE/Referral%20of%20Offences%20for%20Rash%20and%20Hazardous%20Gambling%20under%20Section%20271.pdf).

This Policy Statement states that ITSA will only refer a person for prosecution under s.271 if gambling is the cause of bankruptcy and there is also clear criminality, complex offences or ongoing allegations of repeat offending despite warnings to the contrary. In practice, the prosecution rate under s.271 is negligible, but most gamblers don't want to take the risk and opt for “excessive use of credit” instead. ITSA appears to never prosecute bankrupts for disclosing an inappropriate reason on their Statement of Affairs. So the official figures for gambling as a cause of bankruptcy are much lower than the real figure.

Gambling Impact on Other Industries

We are unable to comment on the question of the impact of gambling industries on other industries, over the past decade, but believes that this important question has not been adequately investigated.

When poker machine gaming is introduced, there is strong anecdotal evidence that other industries suffer, what is less clear is the net economic and employment impacts.

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The South Australian Centre of Economic Studies concluded that in the majority of South Australian regions, gambling had and unequivocally negative net social and economic costs for regional centres.⁹

The gambling industry has also been eager to promote the view that gambling, particularly EGM gambling in hotels, as a significant employment effect. However we consider that once any establishment employment for a venue is completed, then employment increases from offering EGM gambling are minimal. This suggests that gambling in fact reduces employment, particularly in regional areas, since money spent on gambling rather than other goods and services, is spent on activity with a very low employment multiplier.

What are the regional impacts (for example, in low income areas, outside major metropolitan areas, or in remote or Indigenous communities)?

In seeking to maximize profit, gaming machine operators have sought to move machines where they are most profitable. This is mostly in low income areas where the most vulnerable people live. Victoria is the most extreme example of this, because of the allocation process for EGMs to venues.

The concentration of gaming machines in low income areas has resulted in a public outcry, in some locations which has led to some government efforts to reduce the concentration. However, government efforts to reduce the concentration of gaming machines in areas of high social vulnerability have not been overly effective. Indeed, some governments, such as NSW have changed the rules to make it easier for gaming machine operators to move machines, while publicly claiming to make it more difficult for them to be moved.

Other communities, eg Coober Pedy in South Australia, have sought to ban EGM gambling from their communities, but have been unable to.

What Australian or overseas studies have been undertaken since 1999 on the impacts of gambling? What do they show? What methodologies and assumptions were applied in these studies? How robust are the studies' estimates of impacts? To what extent has the resolution of problems faced by former problem gamblers mitigated the social impacts?

We are satisfied that the Commission is well-placed to identify useful research from both Australia and overseas.

Have the nature and extent of the costs of problem gambling on individuals, their families and the wider community changed since

⁹ SA Centre of Economic Studies, The Impact of Gaming Machines on Small Regional Economies, August 2001

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1999? If so, in what way? What factors have contributed to any changes?

While much of this submission is addressing the questions of nature and extent of the costs of problem gambling, we specifically note that people with gambling problems have higher levels of depression, anxiety disorders and related mental health problems.

Gambling help services applying a suicidal ideation screen report that about 20% of people seen by services have contemplated or attempted suicide. We also observe that problem gambling is not necessarily an issue readily identified by Coroners. We cannot comment on changes in suicidal behaviour over the last decade, but are very concerned that there has been limited reporting and research into relationships between problem gambling and suicide.

We suggest that over the last decade there is some growing evidence of intergenerational transfer of problem gambling, with the children of people with gaming problems more likely to develop their own problem gambling behaviours.

What kinds of consumer issues may arise from gambling and how best should policy deal with them?

One factor that explains why electronic gaming machines are the form of gambling with the highest level of problem gambling is their accessibility, with venues operating in every local community, outside of Western Australia, and operating for extended periods of time. In a number of regions of Australia the highest concentration of electronic gaming machines, and more importantly the concentration of EGM venues, is in areas characterised by lower socio-economic status (SEIFA Index).

A mechanism to reduce EGM accessibility is to set a cap on the number of poker machines operating in a community, in order to reduce the number of venues, the mechanisms for the venue reduction from an EGM cap will vary between jurisdictions. It is recommended therefore, that the Commission investigate a mechanism for setting a maximum concentration of machines in any community. Uniting Care Australia proposes that a limit of 6 poker machines per thousand adults, this being about half of the current, aggregated concentration of poker machines. It is recognised that some work will be required to identify a regional basis for implementing this cap. Initial consideration could be given to defining 'community' as a postcode district. It is recommended that Western Australia's current ban on poker machines outside Burswood Casino be retained by the West Australian government.

Recommendation: that the number of electronic gaming machines in any community be capped at a maximum of six machines per thousand adults. This cap could be achieved nationally, by 31st December 2015.

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Reducing Operating Hours

Another factor that increases the accessibility of EGM's is the extended operating hours of electronic gaming machine venues.

Limits on trading vary between jurisdictions, however the minimum permissible hours of trading is 18 hours. Recent research, including that by Dr Paul del Fabbro and others is showing that late night and early morning EGM players have higher likelihood of being problem gamblers. Reducing operating hours from current levels therefore is likely to help reduce problem gambling.

Also note that the most popular recreation in Australia is going to the cinema, the ABS reports:

The cinema had the highest attendance rate of all the venues and events included in the survey, with 65% of people aged 15 years and over (10,431,400 people) having been to a cinema in the 12 months before interview.¹⁰

However it is uncommon for cinemas to operate outside of the hours of 10.00 am to midnight, suggesting that there is no reason for a less popular 'recreational' activity to operate outside of these hours

Recommendation: that a national standard for operating hours for electronic gaming machines in hotels and clubs be set at 10 a.m. to midnight any day.

Reducing Access to Cash in Venues

Evidence exists¹¹ that shows that there is a high correlation between people with gambling problems and regular use of automatic teller machines in gambling venues. The removal of automatic teller machines, ATMs, has been legislated in some jurisdictions, but is yet to be implemented.

Action on this measure has always been stalled by the argument that in some communities, gaming machine venues are the only place where people can access an ATM – i.e. formal banking services have been withdrawn from communities and the only profitable way to provide an ATM is to provide it in a hotel or club. A vast majority of ATM's are located in city or regional centre venues, where banking services are readily available. For small rural communities, banking services need to continue to be provided, but are better located in venues that are not also gambling venues.

Recommendation: that automatic teller machines be removed from all gambling venues by 30th June, 2011

National Electronic Gaming Machine Design Standards

There are a number of aspects of machine design and capability that vary between jurisdictions. There are also elements of EGM design that reinforce

¹⁰ ABS, Cat no 4114.0 - Attendance at Selected Cultural Venues and Events, Australia, 2005-06

¹¹ "Identifying Problem Gamblers Within Gaming Venues". Associate Professor Paul Delfabbro, Presentation to NAGS conference 2008

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the addictive nature of this form of gambling. The establishment of national electronic gaming machine design standards would enable all machines in Australia to meet an agreed set of criteria that reflect 'best practice' in harm minimisation.

Objectives of proposed national electronic gaming machine design standards would include:

- consistent standards across Australia
- increasing consumer protection by reducing any chances of perception of 'near misses'
- reinforcing responsible levels of expenditure
- enabling customers to have time to reflect on each game and check for 'a win'
- encouraging breaks in play

Elements of national electronic gaming machine design standards should consequently include:

- removal of 'note acceptors' for all poker machines
- setting a minimum spin time per game of 5 seconds
- Setting a maximum of \$1.00 that can be gambled per button push
- incorporating regular 'customer protection' messages on poker machine 'second' screens
- banning 'short reels' in programming of machines
- setting maximum limits that can be gambled per spin, i.e. reduce the number of lines and number of credits that can be played, from current levels
- introducing breaks in play
- standard platforms for auditing, data collection and pre-commitment capacity

We note that our proposed minimum spin time of five seconds per game and a maximum of one dollar that can be gambled, per spin, gives a maximum spend (money into machine) of \$12.00 per minute or \$720 per hour. Even allowing for the long-running average return to player of 87.5%, the net cost of gambling under these restrictions is still \$90 per hour. When compared with the most popular recreational activity in Australia, going to the cinema, with a cost of about \$8.00 per hour, EGM gambling, even at the proposed levels is a very expensive recreation at over ten times the cost of the Cinema.

This observation reinforces the importance of strict regulation, if gambling, particularly EGM gambling is to be a recreational activity, rather than an exploitation of gamblers with addictive behaviours

We mention the banning of "short reels" as an element of the proposed national EGM design standards. We refer to the work of Dr Charles Livingstone, who has written on these issues.

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Recommendation: that national design and operating standards be established and enforced, for electronic gaming machines operating in Australia, to increase consumer protection and reduce the risk of problem gambling.

Marketing of Gambling

The marketing of gambling has become increasingly sophisticated in creating and sustaining demand.

A key example is the market for internet casinos. A decade ago, Lasseters Online Casino appeared to be in a strong position as the only Australian online casino. Gamblers could experience online casino gambling in a 'safe environment' regulated by an Australian government. Yet Lasseters Online failed because it was not permitted the same inducements that were offered by online casinos in less regulated parts of the world. In particular, the competitors of Lasseters were offering free credit to gamble.

NSW, for example, legislation restricts the advertising and promotions offered by gaming machine providers. Yet the NSW gaming machine market continues to grow because the industry has found ways to get around the advertising restrictions. In NSW it is illegal to have a sign advertising a "Gaming Lounge" or "Las Vegas Lounge". But it is legal to have a sign advertising a "Macau Lounge", "VIP Lounge" or "888 Lounge". So the industry makes a mockery of the law, barely complying with the 'letter of the law', but not complying with the intent.

Restrictions on gaming machine prizes in NSW are evaded by the widespread use of trade promotions. If a patron presents at a club between the hours of 6 pm and 10 pm on Tuesday night they have the chance to win \$20,000. There is nothing to do during those 4 hours except eat, drink and gamble. So the club can generate more than \$20,000 from all the patrons who are gambling and hoping that their number will be called that evening.

NSW is actually relaxing its restrictions on marketing gaming machines to enable clubs to send gaming machine advertising to members. As a large proportion of NSW adults are members of registered clubs this will make it even easier to target them.

Consumer Information

Despite a significantly large volume of consumer information, gamblers generally are woefully ignorant about gambling. This is because the content and quality of the information is largely determined by the gambling industry or bureaucrats, each with their own agendas.

Professor Dickerson has also found that 80% of regular gamblers reported losing control of time or spending on EGMs.¹²

¹² Mark Dickerson, "Measurement and Modelling of Impaired Control: Implication for Policy", Paper presented at Insight Nova Scotia Conference, October 2004.

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Information about gaming machines does not make it clear to gamblers that the machines are completely random in determining when prizes are paid. There is little information about safe gambling practices, particularly the importance of setting a budget for gambling expenditure and keeping to it.

Most problem gamblers have erroneous beliefs about gaming machines and it is only after they have suffered harm and seen a gambling counsellor do they learn about how gaming machines work through cognitive behavioural therapy. By then it is too late to recover the lost money and time and in many cases too late to salvage the broken relationships, lost jobs etc.

Consumer protection

The fundamental problem with gambling on gaming machines, casinos and wagering is that there is little restriction on how much a gambler can lose. Therefore there is a strong argument in favour of restrictions on how much is spent (e.g. pre-commitment) and how long is spent (mandatory shutdown). There is research supporting both forms of consumer protection.

Consumer protection measures need to be developed with clear recognition of the erroneous beliefs that can be strongly held by gamblers, and which can be encouraged by the industry.

For example, a study by the SA Department for Families and Communities found the following levels of erroneous beliefs amongst EGM gamblers:¹³

- 19% of players strongly believe that winning and losing occurs in cycles on EGMs.
- 5% strongly believe that there are certain ways of playing that increase winning.
- 18% strongly believe that it is always bad to play on a EGM that has recently paid out.

Limit Setting

The report commissioned by Gambling Research Australia on *Analysis of Gambler Pre-Commitment Behaviour* found that up to half (51%) of regular Australian gamblers admitted to not always calculating the affordability of their gambling.¹⁴ At least one in five regular gamblers tend to “never” calculate the affordability of their gambling.¹⁵ Around a third of EGM gamblers said they “never” set any limit on their gambling.¹⁶ Gamblers who used a shorter basis for setting limits (such as per session) tended to have significantly more difficulty in keeping to spend limits.¹⁷ Most regular Australian gamblers do not tend to monitor their gambling expenditure over a longer period. Only 8% of regular EGM players set an additional upper monthly limit.¹⁸ For regular EGM

¹³ SA Department for Families and Communities, *Gambling Prevalence in South Australia*, 2006.

¹⁴ McDonnell Phillips Pty Ltd, “Analysis of Gambler Pre-Commitment Behaviour”, Gambling Research Australia, June 2006.

¹⁵ McDonnell Phillips Pty Ltd, “Analysis of Gambler Pre-Commitment Behaviour”, Gambling Research Australia, June 2006, p. 7.

¹⁶ McDonnell Phillips Pty Ltd, p. 10.

¹⁷ McDonnell Phillips Pty Ltd, p. 11.

¹⁸ McDonnell Phillips Pty Ltd, p. 11.

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gamblers, 37% only set their limit when they arrived at the venue.¹⁹ 57% of EGM gamblers had trouble staying within their limits and EGM gamblers were more likely than other gamblers to exceed their maximum spend limit and bet size limit.²⁰

4.2 Financial Literacy

The current financial literacy programs fail to acknowledge that gambling forms a significant portion of discretionary spending for many people. It would be helpful to examine gambling expenditure as a normal part of budgeting to encourage gamblers to set and keep to an affordable sum when they gamble.

We are highly suspicious of school education programs for gambling which are being actively promoted by the gambling industry, particularly the Australian Gaming Council. The more students know about gambling, the more they will want to experiment with it. Students are already conditioned to gamble on the plethora of trade promotion lotteries. It is an easy step to try the gaming machines when they make their first visit to the hotel and this could be exacerbated by an ill-conceived education.²¹

4.3 The Impacts of Gambling

What are the impacts of gambling on social capital, and what might this imply for the regulation and taxation of the gambling industries?

The longer term impacts of gambling on family and communities are not well understood, however the net impacts are highly likely to be negative.

A report by the SA Centre for Economic Studies, considering the impact of gambling on provincial cities in South Australia,²² concluded that:

Given the severity of problem gambling, for the Provincial Cities as a group, the range of net benefits from electronic gaming machines extends from -\$43.6 million to -\$0.6 million. While non-problem gamblers enjoy substantial benefits from being able to gamble, these benefits are more than outweighed in five of the nine Provincial Cities by the scale of the costs of problem gambling.

The net social benefit was unequivocally negative for five of nine provincial cities, and the midpoint in the range of values from the SACES calculations for net social benefit, were negative for all regions considered and for the state of South Australia as a whole.

The provincial cities with the lowest SEIFA indexes had unequivocally negative net social benefits from gambling. This strongly suggests that gambling and particularly EGM gambling reduces social capital, specifically by removing resources from poorer communities.

¹⁹ McDonnell Phillips Pty Ltd, p.12.

²⁰ McDonnell Phillips Pty Ltd, pp. 13, 15.

²¹ See AGR3 at p.138.

²² SACES, The Impact of Gaming Machines on Small Regional Economies, August 2001

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4.4 The Economic Impacts of Gambling

We are not aware of any significant, comprehensive analysis of the net economic costs and benefits of gambling, in particular we are unaware of scholarly research that examines the industries that have benefited or suffered as a result of introduction of gambling, particularly EGM gambling. Anecdotally businesses like cafes, restaurants, sporting goods stores, giftware and services like hairdressing and home improvement have suffered as spending is moved from these businesses to gambling.

The expansion of gambling spending will have long-term implications for many households since gambling has wound down savings including retirement savings. We are unaware of studies considering the impacts of gambling on savings including retirement savings. We suggest that this is an important area for the Commission to consider as the negative impacts for regular and problem gamblers and their families almost certainly compound overtime.

The economic costs of social harm from gambling, including mental health and suicidal behaviour are considerable.

4.5 The Social Impacts of Gambling

Gambling has a significant impact on demand for services from agencies including Uniting Care Australia, as gambling, and in particular problem gambling, reduces financial independence of households and undermines relationships, which in turn have a range of impacts including

- Loss of housing
- Suicide
- Smoking
- Obesity
- Mental health
- Deterioration of work ethic etc

4.6 The Contribution Of Gambling Revenue On Community Development Activity And Employment

Gambling venues contribute sponsorships and grants to community organisations, particularly sporting clubs while most state governments have a community development fund which provides grants to community organisations, with money notionally coming from gambling revenue. There is no doubt that these contributions are invaluable to services and organisations receiving this funding.

However, the amount of money going to community grants and sponsorships is minuscule when compared with the revenue generated by gambling

4.7 The Effects Of The Regulatory Structures Governing The Gambling Industries

There is a clear lack of consistency with regulatory structures across the States and Territories. State and national governments are subjected to a

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very powerful gambling industry lobby. For example in NSW there has been very strong lobbying to reduce gambling tax and massive lobbying against this Productivity Commission inquiry.

There are also problems between States and Territories, with decisions in one jurisdiction having the potential to undermine consumer protection measures in another jurisdiction, for example NT bookmakers giving credit and the Tasmanian Government licensing Betfair which subsequently took a West Australian Government to the High Court despite the WA governments intended to protect its own citizens.

As the gambling industry changes, Federal and State regulatory roles have become less clear, this issue is considered in section 5.

In section 6 we briefly consider the international context for gambling and propose that the Australian Government seek to establish an international gambling convention to strengthen structures at national as well as international level.

4.8 The Implications Of New Technologies

Gaming machines

The development of faster machines, free spin features, bonus games and special features have all added to the attractiveness of gaming machines in the past decade. There are also new configurations virtual reels which allow for a wider range of volatility options. So some machines have low levels of volatility and are attractive to one personality group, other machines have high levels of volatility and are attractive to those who like risk taking. See the research by Livingstone discussed at p.125 of AGR3.

Note acceptors

Gamblers recognise that note acceptors exacerbate problem gambling as gamblers can quietly slip a few notes into the machine without drawing attention to themselves. This is very noticeable when visiting a South Australian gambling venue such as Sky City, after visiting places with note acceptors in other states. South Australian legislation specifies that EGM's can be operated with coins or tokens only

In South Australia, Tasmania and the Northern Territory in clubs and hotels there are no bank note acceptors on EGMs. In Queensland EGMs can only accept \$20 banknotes with a maximum of five banknotes at a time. In Victoria there is a ban on bank note acceptors taking \$100 notes.

Comparing overall problem gambling levels between Victoria, NSW, Queensland South Australia and the Northern Territory indicates that the level of problem gambling is lower in the states without note acceptors. However, this in itself does not prove that note acceptors are the determining factor in a lower problem gambling prevalence rate as there are a number of key differences between the EGM environment in each state.

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Problem gambling prevalence in Victoria, NSW, South Australia, Northern Territory and Queensland.²³ Table 2 summarises mid points from ranges for problem gambler percentages of the adult population, from various prevalence studies, but indicates some support for this argument.

	Victoria	South Australia	NSW	Northern Territory	Queensland
High risk/ problem gamblers	0.97%	0.40%	0.80%	0.64%	0.47%
Moderate risk gamblers	1.00%	1.2%	1.60%		1.80%
Combined risk	1.97	1.6	2.4		2.27

Table 2

A 2001 study by Blaszczyński *et al.* found that limiting note acceptors to \$20 would lead to a 42% reduction in expenditure among EGM gamblers and would not impact on the enjoyment of people without gambling problems.²⁴ This report was reviewed by an independent group commissioned by the New South Wales Department of Gaming and Racing. The report argued that a 42% reduction in revenue would most likely have an impact on problem gambling and that further investigation into note acceptors was warranted to determine if restrictions on them would be a potential harm minimisation measure.²⁵ When this measure was introduced in Queensland there was nothing like a 42% drop in EGM revenue.

A 2004 study in the ACT found that more than one-third of regular EGM gamblers and one-half of self-identified problem gamblers always used banknote acceptors when playing EGMs. Less than one-in-five self-identified problem gamblers did not use this facility.²⁶ The study also established that EGM gamblers using banknote acceptors on a more frequent basis tended to use larger denominations than those using them only rarely or sometimes. Similarly, regular EGM gamblers and people with gambling problems who used this facility tended to use larger denominations than recreational gamblers.

A study in Queensland investigated the impact of allowing a maximum of five \$20 banknotes being able to be entered into an EGM at any one time. The majority of people interviewed for the study reported no change in their gambling behaviour. A significant proportion (15 – 20%) reported reductions in:

- The amount of money spent on EGMs each visit and each month,

²³ Gambling Research Australia submission to the Senate Community Affairs Committee inquiry on the *Poker Machine Harm Reduction Tax (Administration) Bill 2008*, 25 June 2008, p.3.

²⁴ Blaszczyński, A., L. Sharpe and M. Walker, "The Assessment of the Impact of the Reconfiguration on Electronic Gaming Machines as Harm Minimisation Strategies for Problem Gambling", University of Sydney Gambling Research Unit, November 2001.

²⁵ Tse, S. R. Brown and P. Adams, "Assessment of the Research on Technical Modifications to Electronic Gaming Machines in New South Wales, Australia", Report for New South Wales Department of Gaming and Racing, Sydney, 2003.

²⁶ McMillen, J., D. Marshall and L. Murphy, "The Use of ATMs in ACT Gaming Venues: An Empirical Study", Report for the Australian Capital Territory Gambling and Racing Commission, Australian National University Centre for Gambling Research, September 2004.

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- The size of bets;
- The amount of time spent gambling on EGMs each visit and each month; and
- The frequency of visits to gaming venues.

Furthermore, people in 'high-risk' and 'problem gambling' categories were found to experience the greatest changes in behaviour with approximately 30% to 40% reporting changes in the amount of money they spent on EGMs per visit and each month, their levels of enjoyment, the frequency of visits, and the amounts of money spent on other entertainment at gaming venues. Although the majority of consumers reported no change in their gambling behaviours, a significant proportion of people reported harm minimizing behaviours, especially in the 'high-risk' and 'problem gambling' categories. Interestingly, despite these reported changes there has been no observable long-term effect on the revenue-generating capabilities of EGMs that can be attributed to change in banknote acceptors.²⁷

Anecdotally, people with gambling problems, in jurisdictions introducing note acceptors, report that when EGMs were coin only, the stains left on their hands by handling large volumes of coins acted as a restraint on their gambling.

ATMs

The ATM is the saboteur of responsible gambling! Once a gambler's cash is exhausted there is a strong temptation to withdraw more cash from the ATM. Indeed, it is common practice for financial counsellors to ask to see a debtor's financial statements if they suspect, or wish to confirm that the person has a gambling problem. Multiple ATM withdrawals on the same day, especially from an ATM located in a gambling venue, is strong evidence that the person is a problem gambler.

Research commissioned by the gambling industry from the University of Sydney Gambling Research Unit found that people with gambling problems in hotels were more likely to use ATMs, while those in clubs in NSW did not²⁸. The study also found that visits to ATMs in venues were linked to heavy losses²⁹. Further, people with gambling problems would continue to gamble until they had used up all the money available to them through ATMs located in venues³⁰.

A 2001 gambling industry sponsored survey found that 83% of venue patrons in Ballarat did not use ATMs in the venue³¹. This suggests that removing ATMs from EGM venues is unlikely to inconvenience the majority of patrons.

²⁷ Brodie, M., N. Honeyfield & G. Whitehead, "Change in Banknote Acceptors on Electronic Gaming Machines in Queensland: Outcome Evaluation", Research and Community Engagement Division, Queensland Office of Gaming Regulation, Brisbane, July 2003.

²⁸ Blaszczyński, A., L. Sharpe and M. Walker, "The Assessment of the Impact of the Reconfiguration on Electronic Gaming machines as Harm Minimisation Strategies for Problem Gambling", The University of Sydney, November 2001, pp. 58-59, 63.

²⁹ Blaszczyński et. al., p. 63.

³⁰ Blaszczyński et. al., pp. 80, 83.

³¹ ACIL Consulting, "The Impact of Gaming in Ballarat", 14 December 2001.

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A 2004 survey of clients of problem gambling services in Victoria reports that the vast majority of respondents believe that it would be very effective to remove and ban ATMs from gaming venues.³²

A December 2005 report commissioned by the Victorian Gambling Research Panel, *Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria*, found most EGM gamblers access an ATM at least once during a gambling session. Gaming venue managers agreed that venue-based ATM-users are most likely to spend their withdrawals on gambling on EGMs.

The report found that research indicated that many EGM players were critical of the placement of ATM and EFTPOS facilities in venues (i.e. they are located in close proximity to the gaming area), indicating little confidence in their placement outside of gaming rooms, as required by law in Victoria, as an effective responsible gaming measure. Focus group research found the proximity of ATMs to EGMs means that money could be withdrawn and then inserted into a machine without sufficient time for thought of consequences.³³

The report noted a 2004 study conducted in the ACT, where it was found that a greater proportion of regular gamblers (93%) and self-identified problem gamblers (90%) than recreational gamblers (70%) reported spending money withdrawn from venue ATMs on gambling. Of these groups, a large majority of gamblers (89%) spent gambling money withdrawn from an ATM in a gaming venue on gaming machines. Furthermore, a greater proportion of regular gamblers and self-identified problem gamblers reported withdrawing large amounts of money from venue located ATMs than did recreational gamblers. The same study also found that regular and problem gamblers tended to access ATMs at gaming venues more frequently than do recreational gamblers and non-gamblers.³⁴

The 2005 report found that 41.6% of EGM gamblers never accessed ATMs. EGM gamblers who use an ATM at gaming venues rarely access it for the purpose of purchasing food and beverages (11.7%). Of those EGM gamblers who withdrew money from an ATM, 74% did so for the purposes of gambling.³⁵ Those who access an ATM more than twice do so exclusively to gamble. Frequency of ATM use by EGM gamblers is significantly correlated with the reason for accessing an ATM. The frequency of ATM use by an EGM gambler is connected with increased levels of spending, extended amounts of time in the gaming venue, the frequency of their gambling and their score on the problem gambling index. There is a significant relationship between

³² New Focus Research Pty, "Problem Gamblers, Loved Ones and Service Providers: Study of Clients of Problem Gambling Services, Stage 2: Round 1 Report", Victorian Gambling Research Panel, Melbourne, 2004.

³³ Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005, p. 31.

³⁴ Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005, p.31.

³⁵ Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005, p. 93.

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problem gambling and EGM gamblers' usage of ATMs for gambling purposes, whereby moderate-risk and problem gamblers make significantly more withdrawals from an ATM than non-problem or low-risk gamblers.³⁶

EGM gamblers, particularly those with problematic gambling behaviour, were found to make multiple withdrawals of less than \$200. EGM gamblers, both in country and metropolitan venues across hotels/pubs and clubs across Victoria, specifically stated that ATMs should be removed from gaming venues, and in doing so rank this as possibly the most effective measure that would be introduced in the future. Disconcertingly, more people with gambling problems report that an ATM should be located in the gaming area compared with those gamblers without problems.³⁷ The report concluded that "While locating ATMs outside of gaming areas allows EGM players some space or opportunity for thought and contemplation about further gambling – an enforced break-in-play – the accessibility to such facilities may still be too close to the gaming area as to negate this break."

The 2006 GRA report on gamblers pre-commitment found that access to an ATM in the venue was one of the reasons for gamblers breaking their pre-commitment limits that they had imposed on themselves.³⁸ It was also found that avoiding the use of an ATM and leaving the ATM card at home were key strategies employed by EGM gamblers to try to stay within their limits.³⁹ The second highest response from gamblers about how to assist them to stay within their self-imposed limits was that there should be no ATM in the venue, which was favoured by 17% of all gamblers, 14% of EGM gamblers and 16% of people with gambling problems as an unprompted response from gamblers.⁴⁰ It was the most selected measure that people with gambling problems identified as assisting them to stay within their limits from a prompted list.⁴¹

TITO

Ticket-In, Ticket-Out technology greatly surprised the conservative Las Vegas gambling industry a few years ago when it was enthusiastically adopted by gamblers who still prefer old electro-mechanical 3 reel machines to high intensity Australian "penny slots". Casinos largely jumped from coin-based machines directly to TITO technology, skipping over the note acceptors favoured in Australia. The attraction to recreational gamblers was that of convenience. Recreational gamblers often like to try a number of machines. They would start their day inserting money in the first machine and then move between machines to try out a number of different ones. In the old days they

³⁶ Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005, p. xxv.

³⁷ Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005, p. xxv.

³⁸ McDonnell Phillips Pty Ltd, "Analysis of Gambler Pre-Commitment Behaviour", Gambling Research Australia, June 2006, p. 21.

³⁹ McDonnell Phillips Pty Ltd, pp. 29, 31.

⁴⁰ McDonnell Phillips Pty Ltd, p. 34.

⁴¹ McDonnell Phillips Pty Ltd, p. 36.

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would have to carry a bucket of coins which was bulky and inconvenient. Now they simply print the ticket from the machine and insert it into the next machine to transfer their credits. The attraction to the industry is enormous. Not only are people spending more on gambling because of the convenience, but the industry has been able to cut staff and save on coin jams and machine malfunctions.

TITO has not been as popular in places such as New South Wales where it is legal. Primarily this is because the establishment cost is significant and the savings on reduced staff is much less where the industry has already reaped these savings from note acceptors. Many venues have chosen to install ticket printers to enable gamblers to print their tickets and take them to the cashier or ticket redemption machine, but they still must insert cash in the note acceptors. There is no published research, of which we are aware, on the extent to which TITO or ticket printer/note acceptor combinations have exacerbated problem gambling.

Smartcards

Smartcards is a generic term that enables a technology application to support player pre-commitment. It is an important area with considerable potential for gambling harm reduction, and is considered in section 6.

Taxation and Regulatory Arrangements

5.1 Taxation

What have been the main changes to state and territory taxation arrangements applying to gambling since 1999? Have there been changes to the application of the mutuality principle?

We observe the following as the major changes / developments in gambling taxation over the last decade

- Attempts to increase revenue from gambling by State / Territory Governments
- Sell offs of State ownership / control of totalisators
- Significant concessions for ailing racing industry
- Competition from interstate bookmakers
- Varying treatment of Clubs vis a vis Hotels

There is an argument that is repeated regularly saying that "(State) Governments are the biggest gambling addicts," the implication being that governments should reduce taxation. However, we suggest that given the windfall gains that gambling providers have received from gambling and noting the riskiness, to consumers, of gambling, then high tax rates are appropriate.

Since gambling is an activity that needs to be closely regulated and 'second best' economic policies should apply, because the gambling industry cannot be regarded as providing a 'good' and so conditions for competitive markets do not apply. We note in section 1.1 of this submission that net rates of return (profit) should be regulated and set at level no higher than 6-8% per annum.

The bigger gambling tax policy issue is of hypothecation of tax revenues.

Gambling taxation is highly regressive in incidence, because lower income people generally gamble at greater rates than higher income people and so pay more gambling tax. To reduce levels of regressiveness, governments need to transfer some capital collected as taxation back to people most affected. Uniting Care Australia suggests that this return should be in the form of services to people with gambling problems and associated co-morbidities, people at risk of gambling problems and communities adversely impacted by gambling. Recognising the public finance dilemma's posed by hypothecation, Uniting Care Australia suggests that a level of 2.5% of gambling taxes being redirected to services to reduce gambling harm is an appropriate level of hypothecation.

What factors have influenced trends in state and territory gambling tax revenues, following the introduction of the GST? Have declining shares of tax revenues from gambling and gaming machines resulted from increases in state and territory taxes, such as payroll tax and

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stamp duty? How has the determination of gambling tax rates changed?

Industry lobbying has been strong and influential in dampening any jurisdictional desire to increase taxation. For example, the campaign of ClubsNSW against tax increases has been substantial, though recent moves to allow consolidation of NSW will result in bigger clubs paying more tax.

To what extent are different forms of gambling taxed differently? What impacts have any differences in taxation had? Have they led to problems or distortions in gambling activity? How have any differences in taxation and consequent impacts changed since 1999?

There are differing tax treatments of Clubs and Hotels in the jurisdictions. It makes more sense for tax treatments to be the same for all gambling venues

What challenges to state and territory tax arrangements are posed by technological changes to gambling (for example, the emergence of certain forms of internet gambling)?

There are challenges posed by interstate bookmaking and increasingly by international companies offering wagering in one or more Australian jurisdictions.

Internet gambling and any form of gambling using a platform covered by the Telecommunications Act need to be regulated and taxed at a national level.

Has there been greater harmonisation of taxation arrangements across the states and territories or across different gambling forms? What role should the Australian Government take in this area?

There is little evidence of harmonisation of taxation across States and territories or across gambling forms. The increasingly national purview of Australia's gambling industries suggests that the Australian Government should take over regulation of gambling and taxation, with taxation collected returned to state and territory governments.

Are the current levels of gambling taxes, particularly in respect of gaming machines, appropriate? How do gambling taxes affect the 'odds' of gambling for consumers, and with what distributional outcomes for consumers and effects on problem gamblers?

We note the following:

- Significant differences in profitability of gaming machines due to range of factors. Some venues highly profitable, some at a loss. Technology such as note acceptors and TITO increase profitability but at a cost of greater problem gambling
- State reliance on gambling revenue
- NSW tax campaign by ClubsNSW

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- ClubsNSW campaign against this Inquiry

There are a number of issues regarding gambling tax that require further consideration as part of this inquiry, we suggest that the Commission:

1. investigate the "incidence of gambling taxes" and determine whether the fall on lower socio-economic communities. Consideration should be given to location of gambling venues and density of machines
2. investigate the current favorable tax treatment of clubs (in those jurisdictions where there is favorable treatment) and the returns to local communities and measure actual costs or benefits to communities where clubs are located.
3. work with the Australian Treasury to model a range of taxation measures that could be sources of revenue to compensate states for reduced gaming activity and hence gambling revenue.

5.2 Government Regulation

What have been the main developments in state and territory regulations applying to gambling since 1999? What are the rationales, benefits and costs of any new regulatory measures?

We respond to these questions with in the table on page 53 -55, in which we compare State and Territory Regulations.

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COMPARISON OF LEGAL REQUIREMENTS AS AT 10.10.2008

ISSUE	NSW	ACT	NT	QLD	SA	TAS	VIC	WA
Ban on credit gambling for EGM's	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mandatory shutdown	Yes - 6 or 3 hours for clubs/hotels No for casino	Yes	Yes – 6 hours clubs/hotels No for casino	Yes for clubs/hotels No for casino	Yes for clubs/hotels No for casino	Yes 4 hrs for clubs/hotels No for casino	Some 24 hr clubs/hotels No for casino	No for casino
ATM/EFTPOS	Not in gaming area	Not in gaming area	Not in gaming area No credit withdrawals	Not in or close to, gaming areas No credit withdrawals	Not in gaming area Max \$200 withdrawal per transaction	ATMs banned from hotels & clubs One EFTPOS withdrawal a day max	Not in gaming area Max \$200 withdrawal per transaction No credit withdrawals	ATMs not in gaming areas of casino
Self Exclusion	Yes	Yes, also involuntary & multiple	Yes	Yes	Yes, also third party & multiple	Yes, also involuntary	Yes	Yes for casino
Clocks	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mandatory staff training	Yes	Yes, every 5 years	Yes	No	Yes	Yes	Yes, every 3 years	Yes
Winnings paid by cheque	G/M prizes over \$2,000 Clubs/hotels	G/M prizes over \$1,200	G/M prizes over \$500 Clubs/hotels	G/M prizes over \$250 or \$1,000	No	No	G/M prizes over \$1,000 Clubs/hotels And \$2,000 for casino	No

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ISSUE	NSW	ACT	NT	QLD	SA	TAS	VIC	WA
Smoking ban	Yes, other than outdoor gaming area	Yes	No	Yes, except casino high roller	Yes	Yes	Yes	Casino has smoking areas
Lighting minimum standard	No	Yes	No	No	No	No	Yes	Yes
Service of alcohol allowed in gaming area	Yes	Yes	Yes	Restrictions on some casinos	Yes	Yes	Yes	Yes
Note acceptors	Allowed	\$100 & \$50 banned	Banned from hotels and clubs	\$100 & \$50 banned	Banned from all venues	Banned from hotels & clubs	\$100 banned (some exceptions)	Allowed
Card-based gaming	Yes	Yes	No	No	No	No	No	No
Game frequency Limits	No	No	No	Yes, 3 seconds min	Yes, 3.5 seconds min	Yes, 3 seconds min	Yes, 2.14 seconds min	Yes
Bet limits	Max \$10	Max \$10	Max \$5	Max \$5 clubs & hotels	Max \$10	Max \$10	Max \$5	Varies
Max prize	\$10K standalone \$100K interstate link \$500K State link	No limit	No limit	\$10K standalone, \$25K with jackpot, \$110K link	\$10K	No limit	No limit	\$10K non jackpot
G/M line limits	No	No	No	Max 25 to 50 lines	No	Max 50 lines	No	No
Min return to player	85%	87%	85% clubs 88% casino	Range 85% to 92%	87.5%	85%	87%	90%
Warnings on machines	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Advertising ban	Yes	No	No	No	No	No	Yes	No

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ISSUE	NSW	ACT	NT	QLD	SA	TAS	VIC	WA
Player loyalty schemes	Max prize \$1,000 value no cash	No restrictions	No restrictions	No restrictions	Some restrictions	No restrictions	Compulsory annual player activity statements	No restrictions
Inducements	No free cash or alcohol	No free alcohol	Some restrictions	No restrictions	No restrictions	No restrictions	No restrictions	No restrictions
Player information displayed	No	Some	Yes	No	Some	Yes	Yes	Yes
Precommitment	No	No	No	No	No	No	From 2010	No
Onsite gambling contact officer	No	Yes	Yes	No	Yes	No	Yes	No
Recording of problem gambling incidents	No	Yes	Yes	No	Yes	No	Yes	Yes
Max number of machines	Clubs no limit Hotels 30 Casino 1500	Clubs no limit Hotels 10 Casino nil	Clubs 45 Hotels 10	Clubs 280 Hotels 40	Clubs 40 Hotels 40 Casino 995	Clubs 40 Hotels 40	Clubs 105 Hotels 105 Casino 2500	Casino 1900
State caps for EGMs	5,200	Clubs 78020 Hotels 25980 Casino 1500	1190 in hotels and clubs	Hotels 20,000 Clubs 24,713	12,000 for Hotels and Clubs, not yet met	3,680	30,000 being 13750 hotels, 13,750 clubs 2,500 casino	

Table 3 Compiled by Richard Brading, Wesley Sydney

From table 3 we observe that there are only two measures that are uniform across Australia, requirement for venues to include clocks and a ban on credit betting for EGMs, no other measure is uniform. This reinforces our view that there is a need for national level involvement in gambling regulation and standardisation of the best consumer protection measures.

To what extent has technological change affected the ability of state and territory governments to regulate gambling? Has regulation impeded technological innovation within Australia's gambling industries?

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The crime,X-series gaming machines in NSW are externally monitored. However there is not a uniform monitoring platform, this hampers monitoring efficiency and reduces the capacity for some machine based harm producing measures to be implemented.

To what extent are different forms of gambling regulated differently? What impacts have any differences in regulation had? Have they led to problems or distortions in gambling activity? How have any differences in regulation, and consequent impacts, changed since 1999?

There are significant differences in regulation, and enforcement effort, between gaming, racing, casinos and lesser forms of gambling like 'scratchies' and lotteries. Poker is sometimes considered a game of skill and is largely unregulated, while there is minimal regulation of trade promotion lotteries.

To what extent has there been greater harmonisation of regulations across the states and territories or across different gambling forms?

There has been surprisingly little harmonisation of harm minimisation regulation across States and Territories.

Are there any inconsistencies across jurisdictions in the application of the Gaming Machine National Standard? Are these justified? What impact do they have on the gambling industries? Are the individual gambling policy objectives of jurisdictions unduly affecting the technical orientation of the National Standard

Uniting Care Australia does not consider itself to be well-placed to answer these questions, which are highly technical.

5.3 Regulatory And Policy-Making Processes And Institutions

What have been the main changes to state and territory regulatory frameworks for gambling since 1999? How have the governance and administration of regulatory frameworks changed? What impacts have any changes had on the quality of policy and regulation-making in the jurisdictions?

All States and Territories have revamped their gambling laws. We note that each jurisdiction has different regulatory structures. Some States and Territories have regulators with a reasonable degree of independence from government influence, such as the IGA in South Australia, other processes are more government controlled.

New South Wales

In NSW, there is no independent regulator. The Casino, Liquor and Gaming Control Authority ostensibly is independent of the government, but in practice has limited independence.

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Comprehensive responsible gambling legislation was introduced by the NSW government nearly a decade ago. Recently, this has been eroded by the following developments:

- The abolition of the Liquor Administration Board and Licensing Court following attempts by these bodies to develop harm minimisation measures independently of Ministerial control. Now all responsible gambling and harm minimisation measures are regarded as being under strict political control and nothing is done without extensive prior consultation with the gambling industry.
- New laws requiring the government to “facilitate the balanced development, in the public interest, of the gaming industry”
- Removal of restrictions on the growth of ‘superclubs’, which now have no cap on gaming machine numbers or the number of small clubs they can take over
- ‘Watering down’ the Social Impact Assessment process for moving gaming machines
- Opening up new development areas for gaming machine facilities of up to 150 machines
- Allowing clubs to move or extend their gaming machine activities into retail shopping centres
- Allowing clubs to advertise gaming machine promotions directly to their members on an “opt-in” basis
- Watering down the requirements for self-exclusion schemes

Although there have been some positive developments, such as the lowering of the State cap on gaming machine numbers, these are vastly outweighed by the abovementioned changes. There are many areas in NSW which have many more machines than are used, even at peak times such as Saturday nights. There is also considerable potential for machines to be used more intensively along the Victorian model.

To what extent have these measures been supported by research, especially field trials and evaluations? What has been the quality of this research against such criteria as validity, reliability, independence and transparency?

The IPART review in NSW was conducted by an organisation with expertise in setting utility prices and its recommendations could be summarised as saying that no consumer protection measures should be introduced without clear research findings demonstrating effectiveness.

Victoria

The gaming industry in Victoria is in a period of change due to the termination of the Tattersalls/Tabcorp gaming machine duopoly. Tattersalls will also lose part of its monopoly on Lotteries to Intralot, a Greek-based lottery company.

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On 25th March 2008, the Victorian Premier, John Brumby, announced that from 2010, Victorian gaming machines would be required to incorporate pre-commitment mechanisms, giving players the option to pre-commit the amount of time and money they spend. Possibly a smartcard would be used.

Victoria also has introduced the following harm minimisation measures:

New gaming machines now have a maximum bet of \$5 (halved from \$10), existing machines will have the maximum bet reduced to \$5 from 2010. Research indicates that a small percentage of gamblers bet more on machines with a higher bet limit.

Flashing warnings on machines about problem gambling (from 2010). Canadian research showed that a "pop-up" screen that appeared on a machine after 30 minutes play was useful to some gamblers in reminding them of how long they had spent playing the machine. The introduction of a "pop-up" screen was recommended in NSW by IPART in 2004, but so far has not been required by the NSW government.

ATMs will be banned from clubs and hotels with gaming machines from 2012. Research in the A.C.T. in 2004 provided evidence in support of the removal of ATMs from gaming venues.

Banned smoking in gaming machine venues

Victoria saw an initial decrease in gaming machine expenditure of 20% but this returned to the previous level after a couple of years.

Regional caps on gaming machine numbers

Accessibility to gambling is clearly linked to problem gambling, and the Victorian regional caps have reduced the accessibility to gaming machines in poorer regions of the State.

Mandatory shutdown periods for venues other than Crown Casino

This provides a break for gamblers chasing their losses.

Banned autoplay facilities and put a freeze on spin rates

(Recent South Australian research⁴² indicated that the availability of "free spins" on machines is a major attraction to problem gamblers and it is likely that the existing limits on the number and characteristics of "free spins" will be further restricted. ReelPower and Autoplay features are also criticised in research as contributing to problem gambling. The South Australian study pointed to Indian Dreaming, Shogun and Shogun II as being more attractive to problem gamblers than Dolphin Treasure.)

Restricted gaming venue signage and banned gaming machine advertising

Gaming machine advertising clearly can act as trigger to problem gamblers.

⁴² <http://www.iga.sa.gov.au/pdf/0801/Final%20report.Print.Feb08.pdf>

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Gaming machines must display graphic new player information warnings about the effects of problem gambling.

Hotel and club gaming machine wins over \$1000 must be paid by cheque.

South Australia

The South Australian Responsible Gambling Working Party (RGWP) has been created by the S.A. Government to look at ways to help gamblers set limits on their gambling. Discussion is currently focussed on financial literacy and education programs for schools in understanding gambling. A trial of a pre-commitment / player tracking program, based on an existing loyalty program is currently underway.

The SA Government previously rejected the recommendation of its Independent Gambling Authority for compulsory pre-commitment 'smartcards' to be used for the State's gaming machines. The RGWP is currently coordinating trials of voluntary pre-commitment options.

The SA government has legislated to reduce the number of machines in the State by 3,000.

A study commissioned by the Independent Gambling Authority and prepared by Dr Charles Livingstone of Monash University recommended banning free spins and multiple line betting from poker machines.

Queensland

Premier Anna Bligh has expressed support for a cap on the amount of money that could be withdrawn from ATM machines, saying that a total ban on ATMs in gambling venues would be too harsh.

National Senator Barnaby Joyce has been attacking the State government over the issue of poker machines. Queensland has over 45,000 poker machines, compared with 30,000 in Victoria and approximately 100,000 in NSW. The Responsible Gambling Advisory Committee has urged the Queensland government to introduce further measures to address problem gambling. In particular, they want a reduction in poker machine numbers.

Northern Territory

The Northern Territory Licensing Commission has announced that it will restrict approvals for poker machines. Clubs can get up to 45 machines and hotels up to 10 machines. This will no longer be automatic but will require a consideration of the broad impacts that will occur in the local community.

Tasmania

The Tasmanian Greens are demanding that the government release a report into the social impact of poker machines. The government agreed to

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commission the independent socio-economic report 2 years ago but has still not released it.

Action on Regulation, Compliance and Enforcement

Experiences of regulation compliance and enforcement effectiveness vary considerably between jurisdictions and over time.

Uniting Care Australia opines that there are significant roles for both Commonwealth and State / Territory governments in better regulating and managing Australia's gambling industries in the future. Our views about the allocation of roles between these two tiers of government are summarised in Table 4.

Policy Area	Commonwealth Government	State and Territory Governments
Access to Gambling	<ul style="list-style-type: none"> • Establish National EGM concentration benchmark (where EGMs legislated) • Advertising policy • Set national EGM trading hour limit 	<ul style="list-style-type: none"> • Licensing Gambling Providers • Set regional caps • Manage EGM trading / transfer • Set codes of practice
Access to Cash	<ul style="list-style-type: none"> • Set ATM withdrawal limits and set Bank compliance • ACM (automatic change machine) removal 	<ul style="list-style-type: none"> • TITO / cashless gambling regulation
EGM Standards	<ul style="list-style-type: none"> • Set national EGM standards • Anti laundering / crime processes (eg Crimtrack) 	<ul style="list-style-type: none"> • Machine testing for compliance
Pre-commitment	<ul style="list-style-type: none"> • Set national pre-commitment technology platform 	<ul style="list-style-type: none"> • License pre-commitment systems / programs • Promote pre-commitment options
Gambling Help Services	<ul style="list-style-type: none"> • Set national service standards • Set public Health framework • Evaluate services and publish best practice findings • National gambling Helpline • Establish and oversee Gambling Help Fund 	<ul style="list-style-type: none"> • Allocate funding • Ensure provision of services for higher needs groups, eg Indigenous communities and young people • Monitor and report against service standards
New and Emerging forms	<ul style="list-style-type: none"> • Maintain ban on all Internet and emerging forms of gambling • Establish sports betting codes / standards, with coverage of all sporting codes • Work internationally to establish International gambling convention or treaty 	<ul style="list-style-type: none"> • Collaborate with national government and other jurisdictions
Regulation, Enforcement and Compliance	<ul style="list-style-type: none"> • Establish national compliance and enforcement standards and reporting • Enforce sport betting codes and ban on all gambling using a telecommunications platform • Establish national gambling 	<ul style="list-style-type: none"> • Implement effective and accountable enforcement and compliance mechanisms

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	Industry Ombudsman	
Research and data	<ul style="list-style-type: none"> • National data collection and publishing 	<ul style="list-style-type: none"> • Collaborate with national research and data strategy
Other (Taxation?)	<ul style="list-style-type: none"> • Model revenue alternatives to state gambling Taxes 	

Table 4

Recommendation: that a national regulator be established with strong compliance monitoring responsibilities, particularly related to Internet and telecommunications platform gambling.

Despite the high risk nature of the gambling industry, there is no clear complaints mechanism for consumers and so limited formal industry accountability to consumers. The establishment of a Gambling Industry Ombudsman would address this current gap in consumer protection / recourse

Recommendation. That a National Gambling Industry Ombudsman be appointed, accessible at regional level

How effective has the Ministerial Council on Gambling been in addressing its objectives? To what extent has the National Framework on Problem Gambling been applied by state and territory governments? How effective has Gambling Research Australia been in addressing its objectives? Are its priority areas of research appropriate? What changes, if any, should be made to the various national initiatives?

The Ministerial Council has not been effective over the past decade, although recently more members appear to be taking the Council, and the issues they have responsibility for, more seriously.

There appears to have been an approach from the Commonwealth in past years, that gambling was purely a State and Territory responsibility is very limited national responsibility. Even the few national issues, including the setting of cash withdrawal limits from ATMs in venues did not appear to generate much interest.

There are now a number of policy areas that require national and State and Territory governments to be working collaboratively and showing leadership. Table 2 indicates a number of these areas.

As a model, we note the effectiveness of the Ministerial Council on Energy in effectively driving national level reforms in the area that was previously exclusively jurisdictional.

Consumer Protection Measures

6.1 The Impact That The Introduction Of Harm Minimisation Measures Since 1999 Has Had On The Prevalence Of Problem Gambling And On Those At Risk

What industry codes of practice have been introduced since 1999, or are in prospect, to address problem gambling and other consumer protection concerns? What measures do they contain?

Industry self-regulation, where this approach has been taken has been ineffective, for example in NSW.

However in South Australia where the Independent Gambling Authority sets codes of practice which have the force of regulation, codes of practice have been effective in setting industry standards and in providing a platform to slowly introduce harm minimisation measures.

What measures have gambling venues introduced to address problem gambling and other consumer protection concerns?

Measures introduced have included:

- Consumer information and warnings
- Self-exclusion
- Links to counselling services
- Staff training
- Involuntary exclusion
- Restrictions on inducements
- some restrictions on advertising and promotion
- some restrictions on signage

6.2 Self-Exclusion Programs

In some jurisdictions, self-exclusion programs are provided voluntarily by gambling venues, in others, they are mandated by government. Although there is almost universal agreement, in principle, that self-exclusion is an effective aid to recovery for some problem gamblers, there are wide differences in the quality and effectiveness of self-exclusion programs. See the report of The SA Centre for Economic Studies prepared for Gambling Research Panel, Victoria in 2003, titled "*Evaluation of Self-Exclusion Programs and Harm Minimisation Measures.*" This report is critical of the lack of enthusiasm on the part of much of the gambling industry towards self-exclusion programs, saying "*the current system is not capable of enforcing self-exclusion and this runs counter to the expectations of self-excluded patrons, counsellors, the media and the community. A failure to detect seriously undermines the program.*" In many cases, governments are complicit in creating flimsy frameworks for the operation of self-exclusion schemes.

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In N.S.W. gaming machine venues are required by law to operate self-exclusion schemes. But as long as they have the scheme in place and don't actually refuse requests to sign self-exclusion deeds, then they don't need to make any effort to actually enforce self-exclusions. The extraordinary law that gives these gaming machine venues statutory protection for any failures or shortcomings in their self-exclusion programs is s.49(5) of the Gaming Machines Act. As a result there is a general cynicism about self-exclusion in N.S.W. among gamblers, problem gambling counsellors and even many in the gambling industry.

In Victoria, the situation is much the same. The 2003 report highlighted section 14 of the Victorian Deed of Self-Exclusion which states that "there is no obligation, duty and/or responsibility on industry... to undertake any or all of the actions or things so authorised."

The regulation of self-exclusions is generally much better in casinos, which are much more tightly controlled than other gambling establishments. However, this does not mean that there is not scope for improvement. Casino surveillance activities are focused on fraud detection and the success rate in identifying excluded patrons is mediocre.

An important issue is the availability of multi-venue self-exclusion. In N.S.W. there is an uncoordinated and unhelpful range of self-exclusion pathways. This has deteriorated since 31st January 2009 when the requirement that registered clubs and hotels use one of 3 approved self-exclusion schemes was repealed. In N.S.W. a problem gambler generally has to approach each individual gaming venue, attend an interview and sign a deed in order to achieve self-exclusion. Some venues only offer the minimum legal required term of 3 months self-exclusion which can mean frequent renewals of the self-exclusion. In a State with thousands of gaming machine venues, the current self-exclusion regime is of little or no benefit to most problem gamblers. It is most useful to problem gamblers in country areas where they can practically self-exclude from every gaming machine venue in town or those in larger urban areas who may have limited transport. Self-exclusion has more effect for casino table game players, due to the monopoly that regional casinos enjoy in Australia. The Tabcorp self-exclusion scheme for punters is of little value as it does not prevent problem gamblers placing bets by telephone or internet with bookmakers in other jurisdictions.

Are there sufficient incentives, such as the threat of litigation by gamblers, for gambling venues to introduce consumer protection measures? What does the case law in this area reveal?

Nearly all consumer protection measures are due to government regulation, legal processes are of little practical value as they are inaccessible to many gamblers and to most people with gambling problems.

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The threat of litigation has been almost completely ineffective, this issue has been addressed by Richard Brading in papers at NAGS conferences.

In some jurisdictions, patrons, particularly those with gambling problems, who may have been treated unreasonably, are actively discouraged from making a complaint or from using the court system for redress, since they are likely to incriminate themselves in identifying inappropriate activity by a venue. For example a venue staff member who offers credit to gambler is unlikely to face litigation as the gambler receiving credit is likely to be charged with seeking and/or accepting credit. The individual is much less likely to be able to pay fines than a venue.

Should governments make industry codes of practice mandatory?

Regulation is the strongly preferred mechanism for establishing industry standards. In South Australia, industry codes of practice have the force of regulation once established by the Independent Gambling Authority and this approach is acceptable. Voluntary codes of practice are totally unacceptable as there are elements in any industry that will not see it necessary to comply; in gambling industries this can have very damaging consequences for regular gamblers.

Is also essential that sound compliance and enforcement mechanisms are in place to ensure that codes of practice are adhered to.

Does the National Snapshot of Harm Minimisation Strategies provide a complete representation of government actions? What other government actions have taken place since 1999 to introduce harm minimisation measures? What harm minimisation measures are in prospect?

The snapshot is reasonable. We suggest that the priority measures that are in prospect to reduce gaming harm are:

- reducing accessibility by reducing hours and number of venues
- removing automatic teller machines and automatic cash machines from venues
- establishing player pre-commitment opportunities
- establishing uniform national gambling codes and standards

To what extent have the development of harm minimisation measures reflected regulatory best practice (such as clear objectives, evidence of likely efficacy, consultation with stakeholders, coordination with other measures, and cost effectiveness)? What changes, if any, in regulatory processes in this area are warranted?

Harm minimisation measures were originally introduced as a response to the first Productivity Commission inquiry with sporadic bursts of activity to coincide with public interest, such as elections. There has however been a

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lack of ongoing review or any sort of national level performance monitoring and evaluation.

Are there inconsistencies in harm minimisation measures across jurisdictions, as well as across the different forms of gambling? What problems or distortions do any inconsistencies cause?

This question has been addressed in section 5.2

What impact has smoking restrictions had on expenditure by gamblers? To what extent is the impact temporary? Are gambling venues able to legally reconfigure their premises to accommodate smokers?

The Victorian experience is that smoking bans reduced gambling expenditure for 12 – 18 months but expenditure then returned to previous levels. There have been similar experience in other jurisdictions.

In NSW, and other jurisdictions, there has been enormous expenditure on renovating venues to accommodate smokers. Some venues are generating more revenue as a result of smoking bans, others are generating less revenue.

The impact of smoking bans is temporary with significant initial reductions in the gaming revenue, but within 18 months or two years and a maximum, the gaming revenue levels returned to the tramline from before smoking bans introduced. Smoking bans are an effective health measure, but not a gaming harm reduction measure.

6.3 The Effectiveness Of The Measures Used By State And Territory Governments

Is the Commission's approach to evaluating consumer protection or harm minimisation measures still appropriate?

The Commission's approaches to evaluating consumer protection and harm minimisation are still appropriate, they need some updating in light of Internet and mobile phone gambling.

To what extent have industry and government actions since 1999 dealt with the inadequacies in arrangements previously identified by the Commission?

A number of the issues dealt with in the 1999 reports have seen response from government, and more slowly, from industry.

What have been the impacts of harm minimisation measures that have been introduced? What have been their impacts on problem gamblers and those at risk of problem gambling? Have the measures led to a

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reduction in the incidence and prevalence of problem gamblers and of those at risk of problem gambling? Have the measures enhanced consumer protection more generally? Have they provided gamblers with informed choice or greater control over their gambling? Do the measures adversely affect recreational gamblers? Have there been any unintended consequences arising from the measures? What other benefits and costs of the measures are there?

Advertising

A key issue is the extent to which the gambling industry is allowed to advertise and market its products. Close parallels can be drawn with advertising and marketing of tobacco products and alcohol. Gambling is a product with seriously harmful consequences.

The various State and Territory regulators have taken different approaches to advertising and it is regrettable that no research has been conducted comparing the success or otherwise between jurisdictions. For example, has the N.S.W. ban on gaming machine advertising had any positive impacts?

A further concern is the way in which the gambling industry finds loopholes in advertising restrictions. For example, hotels in N.S.W. are prohibited from advertising a "Gaming Lounge" but achieve a similar goal by advertising a "VIP Lounge".

Advertising and children

It is important to recognise that children are not quarantined from gambling advertising. A useful starting point is the recent article by Sally Monaghan, Jeffrey Derevensky and Alyssa Sklar in the Journal of Gambling Issues: Issue 22, December 2008 entitled "*Impact of gambling advertisements and marketing on children and adolescents: Policy recommendations to minimise harm.*"

Marketing involves much more than mere advertising. Crown Casino in Melbourne is surrounded by public areas that are attractive to teenagers. The casino is designed to be very visible to those youngsters in the public areas. The implicit message is that this is an attractive adult place to which those under 18 should aspire to visit.

The current interest in educating those under 18 to gamble responsibly has the potential to increase the desire of young people to gamble. The more they learn about gambling, the more they want to try it for themselves.

Governments have given little thought to the way in which the gambling industry conditions those under the age of 18 to want to gamble as soon as they come of age. Advertising restrictions are generally vague and ineffectual. The fact that the advertisements may prohibit the depiction of young people gambling does not mean that young people do not notice them and be attracted to gambling.

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Sometimes governments promote the urge to gamble themselves. For its 2009 Responsible Gambling Week, the N.S.W. government developed a competition for young people aged 16 to 18 years to design a bar coaster promoting responsible gambling. This ill-conceived scheme requires young people to consider the impact of bar coaster designs on people drinking in areas that are prohibited to those under 18. Presumably the NSW government did not consider the actual psychological impact of such activities on young people.

Comorbidities

To what extent are comorbidities (such as depression and substance abuse) in problem gamblers and those at risk of problem gambling relevant to the effectiveness of harm minimisation measures?

Comorbidities are significant factors associated with gambling harm, the following developments are noted

- Alcohol abuse greatly reduced by elimination of free alcohol as an incentive to gamble
- Tobacco abuse reduced by smoke free gambling areas
- Depression and anxiety have been reduced by counselling and self-exclusion
- Illicit drug use has not been affected by harm minimisation measures with counsellors reporting extensive amphetamine use associated with EGM gambling

What evaluation, research or trials relating to the effectiveness, or benefits and costs, of harm minimisation measures have been conducted and what do they show? What has been the adequacy of such evaluations against such criteria as validity, reliability, independence and transparency? How have such evaluations informed policy?

The Australasian Gambling Review has addressed these questions.

What new technologies might enhance or support harm minimisation measures? Are there examples of such technologies being used here or overseas? Are there regulatory impediments to the adoption by the gambling industries of these new technologies? What would be the cost to the industries? What privacy issues might arise? What other impacts would these technologies have? Should the adoption of particular technologies be mandated?

Player Pre-commitment⁴³

While there is no single measure that will dramatically reduce problem gambling, once governments legislate to allow gambling to proliferate, strategies to assist with pre-commitment are currently the responses with the likelihood of making the greatest difference. The following explores the

⁴³ This is mainly a reproduction of article written by Mark Henley for International Gambling Alliance Newsletter - needs editing for this submission

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elements of 'best practice approaches' to pre-commitment strategies. It is understood that various jurisdictions around the world are considering pre-commitment of some sort.

A December 2005 report commissioned by the Victorian Gambling Research Panel, *Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria*, found that both EGM gamblers and gaming venue managers agreed that the facility to track spending and set monetary limits would be a potentially effective harm minimisation measure.⁴⁴

We understand the term "pre-commitment" to mean a process that proactively encourages gamblers to commit to personal gambling spending and time limits prior to gambling, and then utilises technologies and patron interaction, in gambling venues, to assist in adhering to these limits. While there are various technologies that can assist, most attention has been on 'smart card' technologies, where each individual has a card that is able to store data. This is the technology that is assumed in the following. One of the options for a card based pre-commitment system is to operate it within an existing loyalty card platform.

Some States / Provinces have already commenced work on pre-commitment, including using card-based systems, current developments include:

- Nova Scotia in Canada; where there has been a trial of a voluntary card-based system.
- Saskatchewan in Canada; has conducted similar trials
- Queensland; where there has been a detailed trial of a card based system in one venue.
- Victoria. The Victorian Government has stated that by 2012 there is going to be a pre-commitment strategy in place. A policy capability is being developed for release mid 2009. The technical capability will then be developed, focussing on a machine based, rather than card based technology
- South Australia; where a Responsible Gambling Working Party has been established and is reporting to the Minister. A trial has recently commenced using an industry based loyalty card platform to offer pre-commitment options to patrons. Another couple of trials are also possible, using similar technologies.

In the 2006 GRA research into pre-commitment by gamblers, only 26% of EGM gamblers favoured a compulsory smart card and 61% preferred a voluntary card. Further, 53% favoured being able to set their own limits, with 40% believing limits should be set according to a person's ability to pay and 7% believing the same limit should apply to all people. If a compulsory limit was applied though, 52% of EGM gamblers said it would have no impact on

⁴⁴ Caraniche Pty Ltd, "Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria", Victorian Gambling Research Panel, Office of Gaming and Racing, Victorian Government Department of Justice, Melbourne, Victoria, December 2005.

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their enjoyment of gambling on EGMs and 17% said it would make their gambling more enjoyable.⁴⁵

Trials and other current developments are being watched closely by regulators from around the world as well as by industry and gambling help groups. Since early approaches are invariably very influential in what eventually becomes mainstreamed. The following lists some initial ideas about the elements that might be included in the best approach for aspects of card based pre-commitment strategies:

1. Capability
2. Responses to Customer reaching a limit, while gambling
3. Data
4. Technology
5. Loyalty systems

1. Toward Best Approach – Capability

For individual gamblers with a card to enable pre-commitment, the following are suggested as essential elements:

- Default Limits need to be set on a per session and per week basis, for both money spent and time spent limits. This is the absolute minimum capability.
- Wide choice of additional personal limit options
- Minimum 24 hour notice to increase limits, but immediate change for reducing limits.
- Universal – one card applies to any machine / venue
- Not transferable from one person to another
- Hard to Replace, ideally with a biological identification system, eg thumbprint
- Personal account statement posted monthly, available electronically and in paper copy
- Client data confidentiality systems in place
- Voluntary. This is controversial, in that the ideal system would be mandatory for all gamblers; however, I suggest that if gamblers, governments and the industry understand approaches to be voluntary, there is likely to be a stronger take up. This is well worth further debate.

2. Toward Best Approach - Limit Reached

Assuming a system that has a 'smart' card, or similar, recording a gambling activity in real time, a crucial policy and practice question is what should happen when a limit is reached?

- Minimum set of notification options
 - On machine display
 - Cashier / authorised venue employee notification
 - Documented in Activity Statement

⁴⁵ McDonnell Phillips Pty Ltd, "Analysis of Gambler Pre-Commitment Behaviour", Gambling Research Australia, June 2006, p. 40.

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- No further loyalty benefits accrue, if system is linked to a loyalty scheme
- Customers need to be given choices about notification options, when they set their limits, options offered should include
 - Text Alert to Mobile phone
 - 3rd party notification (partner, trusted friend, help service?)
 - Call to mobile phone
 - Audible machine sound
- Personal approach
 - Persons who exceed a limit should be approached, by a venue staff member, within 15 minutes of a limit being exceeded
 - On the third occurrence of a limit being exceeded (and any subsequent time) a venue staff member will approach the patron and ensure that they are aware of local gambling help services
 - A protocol for approach will be developed by gambling venues and local gambling help services

3. Toward Best Approach – Data

Card based systems that include pre-commitment will enable a vast amount of data to be gathered. It is crucial that this occurs within the bounds of privacy principles for individuals. It is also crucial that all depersonalised data is available to community and academic interests, as well as government and industry. Stakeholder data reference and analysis groups will be necessary in each jurisdiction to enable public policy to be informed by the data. This area needs more thinking, but as a start, following baselines for data management and disclosure are suggested, for any jurisdiction with a pre-commitment program

- All individuals to have ready access to data collected about their gambling and related activities
- Data collection standard established
- Quarterly data return to a regulator
- Data management group including venues, community, researchers, government, for each jurisdiction
- Annual public reporting of minimum agreed, aggregated data set
- Privacy practice must be adhered to

4. Toward Best Approach – Technology

It is clear that just about anything imaginable is now achievable from a technological perspective; cost and who pays are the main questions?

Criteria for appropriate technology include

- Easy to use
- All displays and instructions easy to read
- Discrete
- Cost effective
- National, or even international compatibility of systems

5. Toward Best Approach – Loyalty

Some emerging models for player - tracking / pre-commitment utilise existing loyalty program platforms. This has the benefit of minimising the cost of

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introducing pre-commitment, however this approach, if adopted, would need to ensure that consumer protection measures were in place regarding the loyalty aspect of program. A code of practice would need to be developed to ensure that the loyalty elements did not encourage gambling, and included clear requirements for actions to be taken by any card holder identified with gambling problems, e.g. not accruing further loyalty points and ensuring that no promotional material was sent.

Next steps for action short include:

1. A "Best Approaches to Gambling Pre-Commitment" document should be developed as part of the Commission's report
2. Series of National (or at least semi-national), stakeholder roundtables could be established to develop best approach standards.
3. "Clearing House" function for all known trials, at least in Australia, needs to be to be developed.
4. Insistence that independent evaluation of all trials be undertaken with public release of these evaluations.

We suggest that the public policy perspectives of "libertarian paternalism" as espoused by legal scholar Cass Sunstein and economist Richard Thaler in their book "Nudge" provides a useful context for pre-commitment.

Recommendation: that a national standard be established for technology platform and operational protocols, to enable gambler pre-commitment, as a matter of priority.

Recommendation: that from 1 January 2016, all gambling in Australia be accessible only through this designated technology platform, to enable, pre-commitment of time and expenditure and to assist gamblers to track their gambling expenditure.

6.4 Quantitative Restrictions

What key developments have there been since 1999 to regulating access to gaming machines in the states and territories? Have there been any data or studies showing what impacts regulating access to gaming machines has had on problem gambling or on the broader social impacts of gambling? Are there changes in prospect that would increase or decrease access to gaming machines (for example, increasing caps or extending the location of gaming machines)? What changes should be introduced?

Over the past decade, there have been

- Restrictions on transfer of machines, regional caps and the recent culmination of the EGM distribution duopoly in Victoria
- A legislated 20% reduction in machine numbers in SA, with minimal impacts on net gambling revenue, though the full reduction is yet to be achieved
- A cap on machine numbers in NSW
- Policy changes in QLD

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- WA continues to keep poker machines outside the state, except in Burswood casino and consequently has higher keno and Lotteries spending than other states, but dramatically lower levels of problem gambling

What trends are likely in relation to internet gambling and other platforms such as mobile phones and digital TV?

These platforms are likely to see the development of competitions and games into unregulated forms of gambling, increase online gaming, particularly poker and increase levels of sports betting, with betting exchanges also pressing to be approved, by stealth, for operation in Australia. We fear that the myriad of new and emerging wagering providers will offer betting exchange functions, as wagering activity and that State regulators will allow this betting exchange by stealth approach.

Which community groups are affected most by internet gambling? How does internet gambling affect problem gamblers and those at risk of problem gambling? How might other forms of gambling, such as wagering services provided by TABs be affected?

The most immediate concern is the impact on young people of Internet / mobile phone gambling, this issue has been discussed elsewhere in this document.

We note that the overseas and limited Australian experience is that very few internet gamblers seek counselling assistance, the reasons for this are unclear, but the lack of harm minimisation measures applying these gambling forms is likely to be a factor.

Internet wagering and sports betting appears to be growing rapidly, though this growth has taken longer than anticipated at the time of the Commission's first Inquiry into gambling.

What possible consumer and commercial benefits may be derived from new gambling platforms and what do these benefits suggest for appropriate regulatory arrangements?

New platforms are much more economical to run so bigger profits can be expected with the potential for more tax to be paid. There is a strong chance too that the retail gambling industry will become increasingly concentrated with a resultant oligopolistic industry structure and potential for abuse of market power

What have been the rationales, benefits and costs of the Interactive Gambling Act and any other regulation applying to internet gambling? Is the regulation of internet gambling justified? What evidence is there of the impact of this regulation on problem gambling and those at risk of problem gambling? What other impacts of the regulation have there

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been? How has the Act affected other gambling forms, particularly those not reliant on the internet to deliver services? What has been the extent of compliance with and enforcement of the Interactive Gambling Act? Is the lack of reach of the Act to offshore internet gambling a concern?

Observations include the following:

- Prohibition on internet casinos has greatly reduced marketing and involvement, so problem gambling levels are very low so far. If prohibition lifted, then problem gambling will skyrocket. Australia can wait to see how Europe fares with its open door to Internet gambling. Recent statistics shows enormous increase in problem gambling in Britain which has embraced Internet gambling
- Lassetters Online went broke because it was unable to offer the same inducements as offshore casinos, particularly free cash to get people hooked on Internet gambling
- No government approval of offshore casinos, so public is wary.
- Financial institutions helping by not processing credit card transfers in some cases.

The prohibition on internet gambling has very much reduced the quantity of advertising for offshore internet gambling sites. This should be contrasted with the flood of advertising for internet gambling that impacts consumers in jurisdictions where such advertising is legal or tolerated. For example, see the article by McMullan J.L. & Miller D, *All in! The commercial advertising of offshore gambling on television*, Journal of Gambling Issues, Issue 22, December 2008.

What impacts have the recent High Court Betfair decision had on the capacity of state and territory governments to regulate internet gambling?

While we have no doubt that the High Court's decision was legally correct, the decision is likely to have significant impacts on problem gambling levels in the future, through increased gambling accessibility and a lack of consumer protection measures. The reduction of government capacity to apply consumer protection measures in their own jurisdiction is morally wrong.

There has also been a proliferation of NT bookmakers who, we observe, have no understanding of responsible gambling. Letterbox drops offering free credits, credit advanced to pensioners, debt collection, no tax paid, no contribution to counselling, inducements have also been undertaken

The Northern Territory bookmaking boom is founded on low rates of taxation and a lack of responsible gambling measures. These bookmakers are licensed by the Northern Territory government but are mostly based in places such as Sydney or Melbourne.

The primary problem is the way in which these bookmakers are providing credit for gambling. In most forms of gambling in Australia the provision of credit has been banned. Unfortunately bookmakers have been allowed to

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continue providing credit for gambling. These Northern Territory bookmakers are aggressively marketing their businesses throughout Australia, using billboards, flyers, letterbox drops and more. They are offering free credit to gamble as an inducement to build up their business. They are providing credit to pensioners, the unemployed, students and other vulnerable groups. People gamble on credit and then are sued in the courts when they do not pay.

In one example, a Northern Territory bookmaker advanced \$1800 credit to a pensioner living in Western Sydney who responded to a leaflet in his letterbox. When he couldn't pay he was sued by the Northern Territory bookmaker which obtained judgment against him. He is currently paying off the debt by instalments. Other debtors have been forced to declare themselves bankrupt when pursued for these gambling debts.

Bookmakers are not credit providers and should not be permitted to advance credit for gambling. Their credit assessment methods are unreliable. The business is so profitable that they can afford to have a few bad debts.

The Privacy Commissioner received a complaint that a bookmaker had access to consumer credit information files held by a credit reporting agency. The Commissioner held that the bookmaker was not a credit provider and did not have the legal right to access the credit information of consumers. See *U v Betting Agency* [2008] PrivCmrA 21.

What changes should be introduced to the regulation of internet gambling within Australia? What has been the experience of regulating internet gambling overseas? What does the overseas experience reveal about the consequences of stringent or lax regulatory regimes?

While much of the focus on gambling harm in the current environment is associated with electronic gaming machine gambling, there is widespread concern through Uniting Care Australia networks about new and emerging forms of gambling that have considerable potential for promoting further gambling harm. Five broad issues are considered:

- Internet / Betting Exchanges
- Sports Betting
- Mobile Phone / Interactive television
- Poker
- Global Financial Crisis

Internet Gambling / Betting Exchanges

We note with concern the dramatic increase in Internet-based problem gambling in the United Kingdom when the policy decision was made to enable Internet-based gambling, including betting exchanges.

Consumer protection is difficult to establish for online gambling, reinforcing the dangerous nature of Internet gambling.

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The current ban on Internet gambling providers being able to recruit Australian customers should be maintained and strengthened.

Recommendation: that Internet gambling and any new form of gambling be banned from operations in Australia, as a consumer protection for Australian citizens. To strengthen this measure, credit card debt incurred by Australian citizens, to online gambling providers, should not be recognised as legally collectable.

Noting the intent of this recommendation, there is widespread concern about the High Court's decision to enable Betfair to operate in Western Australia, despite that jurisdiction's clear desire to afford appropriate consumer protection to its citizens. While we have no doubt that the High Court's decision was legally correct, the decision is likely to have significant impacts on problem gambling levels in the future, through increased gambling accessibility and a lack of consumer protection measures. Legislative change is required to enable adequate consumer protection measures to be adopted by individual jurisdictions.

Recommendation: National legislation needs to be changed to recognise any consumer protection measures put in place by State and Territory jurisdictions, intended to protect their citizens from gambling harm.

Sports Betting

Betting on a much wider range of sports than the traditional thoroughbred racing, harness racing and greyhound racing is now becoming widespread, particularly as sporting codes actively seeking gambling industry partners as sponsors.

Concerns about this development exist at two levels; the risk for increased levels of problem gambling behaviour and the risk to integrity of sporting events.

Sports betting, therefore, needs formal regulation, with each relationship between a sporting body and gambling provider requiring licensing. Licensing conditions to include:

- detailed description of processes to minimise the risk of problem gambling
- a sporting code integrity maintenance strategy
- problem gambling and support integrity auditing arrangements
- public disclosure of compliance and breeches

Recommendation: that all sporting bodies having a relationship with a gambling provider be required to have that relationship licensed.

Mobile Phones / Interactive Television

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Noting the potential for mobile phone platforms and interactive television to offer gambling, and recognising the lack of enforceable consumer protection measures through these technologies, gambling should not be permitted to be offered through any telecommunications technology.

Recommendation: that gambling be banned from a delivery through any telecommunications technology

Poker

One of the significant changes in Australia's gambling environment since the Commission's last gambling inquiry has been the dramatic increase in offerings of poker tournaments in hotels and clubs. While it is claimed that these tournaments are not gambling, because tokens rather than cash is the medium for betting on each hand, poker is still a gambling activity.

Uniting Care Australia Australia is concerned that it is commonplace for additional poker tokens to be obtained through the purchase of alcohol. It is of concern that alcohol is encouraged as part of the participation with this gambling game.

It is noted that young males are particularly targeted in poker promotions, and that the incidence of poker play, particularly by young males has increased significantly over the past decade.⁴⁶

It is of great concern that young males, in particular, may be encouraged to gamble with online poker, as a result of their experience with hotel club based poker tournaments, without consumer protection, and at considerable risk of overspending.

Recommendation: that all poker tournaments conform to regulation and codes of practice applying to licensed gambling activity.

To what extent do the developments in new gambling platforms reflect broader global trends in e-commerce, with their parallel regulatory challenges?

Global Financial Crisis

The magnitude of the global financial crisis has unfolded since the Terms of Reference for the Inquiry were established. There is potential for the financial crisis to exacerbate conditions conducive to problem gambling, specifically growing numbers of desperate people seeking additional cash and more aggressive marketing by gambling venues. Some gambling activities, for example EGM's, may be 'recession proof' where spending increases as economic conditions deteriorate. A CQ University problem gambling researcher, Dr Matthew Rockloff has said gambling was one of the industries that historically performed better during a recession. He said EGM

⁴⁶ [Adolescent gambling in South Australia 2007](#), Report Commissioned by Independent Gambling Authority, South Australia

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expenditure would likely remain high while the economy was in trouble before stabilising once things settled down.

Should this be the reality, there is the risk of higher levels of problem gambling as an outcome of deteriorating economic conditions. This reinforces the importance of prompt action to increase the consumer protection associated with all gambling activities.

In the past, recessions have been catalysts for more gambling activities rather than less. The reaction to loss of revenue by the gaming industry is to be creative and expand rather than retrench. The reaction of governments to a loss in revenue from gambling taxes is to loosen the reins and allow legislation or regulation through that would not normally be allowed to do so. The reaction of organisations that depend on fundraising from gambling is to stop worrying about their ethics and to reconsider using gambling derived funding.

On the upside, overseas problem gambling service providers are noting an upturn in people seeking help to stop their gambling. The recession may mean that people no longer have access to borrowing money to subsidise their gambling as banks stop lending money without security as readily as in the past.

In the past the industry had to become creative during an economic downturn in revenue. They have found new alternatives and schemes to encourage gambling, such as numbers betting, fixed odds betting, terminals and virtual racing. The current recession has seen new gambling initiatives being implemented such as huge state lotteries, as they require less capital to begin operation. Scratchies have also become more popular because of their instant fix.

The downturn has encouraged some new pockets for potential growth within the gambling industry. Horseracing tracks, such as Yonkers Raceway in New York, have upped their offerings to include slot machines and gambling stations. After losing about \$5 million a year, the newly built Yonkers "racino" has helped the racetrack become profitable again.

Reports from Western Australia state that "Lotterywest, is set to buck the economic downturn by purchasing 222 million scratchy tickets to satisfy the cravings of WA's 'scratchoholics.' In 2007/08, West Australians scratched a record \$104 million worth of silver flake off the little rectangular pieces of cardboard. Consequently, the State's scratchie supplies are forecast to dry up by the end of 2009."

On January 9th 2009 the NZ Lotteries Commission briefed the Minister about being in talks with the UK in a world lottery which had a \$650 million prize. They also stated that they haven't launched a new game since Big Wednesday in 2005, so they will seek Government approval for another game mid-year. In the UK a new lottery, known as the World Game is being considered, it will cover 48 countries and offer a prize in excess of £250m. In

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Canada lottery ticket sales are booming. Strong demand helped boost a national Lotto 6/49 jackpot earlier this month to \$44-million, one of the biggest prizes ever offered in Canadian lottery history.

Initial indications are that the global economic crisis seems to have done very little so far to change spending on EGMs in parts of Australia. In Queensland, for example, players have gambled away a record \$1.84 billion in 2008. New figures from the state's Office of Liquor, Gaming and Racing show pokies players collectively lost nearly \$164 million in October alone.

On-Line Gambling

Another area opening up is Online gambling. Increases are also being seen in online gambling activities (up 10-23%) as it is cost effective to stay at home, save on petrol and make the Internet work for them. New Zealand has just started selling lotto online so there aren't any statistics about usage. Lotto tickets have been sold online in Britain since 2003. In the second half of last year they brought in £163.3 million (NZ\$412.9 million). More than three million players in the National Lottery have registered to buy tickets on the net, through interactive TV and via their mobiles.

The UK Gambling Commission reports an increase for remote gambling to over 9%. The Netherland reports illegal online gambling hit \$450 million last year. In Canada the average monthly loss of individual Internet gamblers is \$541 compared to an \$82 loss for all gamblers. Recently online betting /gambling sites offered inducements of up to \$1000 free betting. Gambling via mobile phones will perform strongly in 2009, led by the UK market, according to research just released. The Juniper Research report found that total wagers on mobile phones are expected to more than double in 2009 to more than \$3.6bn.

Online casinos launch new casino games/machines regularly to draw in the punters. In Quebec an online casino just launched three new games, including Burning Desire: a revolutionary new video slot that offers 243 ways to win, without paylines. Burning Desire arrives just in time for Valentine's Day, with red-hot rubies, roses and valentines on its reels, and absolutely no paylines. Instead, the game offers 243 ways to win, with all symbols acting as scatters. If any symbol appears anywhere on at least the first three reels, a generous payout awaits the "lucky" winner.

While there are some measures that can be taken by national governments to reduce the harm from online gambling, an international convention dealing with online / Internet gambling is required to set consumer protection measures and to establish compliance enforcement regimes.

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There is clear scope of the Australian government to initiate the development of an international gambling convention, in particular to deal with the emerging threats posed by online and Internet gambling.

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Recommendation: that the Australian Government initiate the development of an international gambling convention or treaty, to deal with consumer protection with particular application to online and Internet gambling.

Government

The revenue from gambling has become very important to governments, so in the past during a recession they have helped the industry by taking steps to approve more gambling activities, such as riverboat casinos, racinos and numbers of poker machines during the 1990s. During prosperous times, restrictions on gambling become much tighter, but in low economic times (such as post 9/11) the restrictions become far looser. This is a worrying trend for anti-gambling advocacy groups.

A tell-tale sign that America's chips are down is States are increasingly turning to gambling to plug budget holes. Proposals to allow or expand slots or casinos are percolating in at least 14 states, tempting legislators and governors at a time when many must decide between cutting services and raising taxes. The alternatives are to reduce education funding or lifting sales tax. The industry has capitalized on the chance to increase their foothold in areas that allow limited gambling. In Ohio they are pushing some large scale projects and in Atlanta a developer is pushing a project to put 5,500 more pokies into a 29 story hotel.

In New York, for example, Gov. Paterson recently announced a plan to loosen gambling restrictions in order to help cut the state's largest budget deficit in history. This would allow retailers to sell lottery tickets, expand hours at casinos across the state and facilitate the installation of more racinos, including adding video slot machines at a racetrack in Long Island.

Charity funding

Some charities are turning to gaming to compensate for reduced government funding and private donations. Fundraising money has become limited since the onset of the global financial crisis, and the ASB (Bank) states they will cut back on the amount they will donate for 2009. In 2008 they donated \$61 million but say they will not make any funds available until September this year when they know their financial position. This issue is significant for community service organisations, and also relates to other current review processes, specifically the Henry Tax Review and the Commission's recently announced review of community services.

Government Programs Relevant to Gambling

7.1 Government Programs Relevant To Gambling

What key developments have occurred to government programs since 1999? What changes, if any, have taken place in respect of funding the programs? What changes should occur to government programs? Should greater attention be given to the education of young people about gambling, particularly in relation to financial literacy? How successful would such an approach be?

Financial literacy is good in principle, but programs are generally oriented towards middle class people who are already financially literate. Better targeted programs are needed that are aimed at people who come from poorer, less educated, migrant, Indigenous backgrounds.

Wesley Mission Counselling Support Services are currently seeking funding to engage a financial educator and develop school programs in partnership with clubs. Their submission specifically seeks funding to work with their target groups in Western Sydney, poorer people who are less educated, migrant or from Indigenous backgrounds.

What developments have there been in relation to providing counselling and support services? Has there been increased monitoring and evaluation of treatment options for problem gamblers? Have new treatment options emerged? Has the proportion of funding for counselling and support services changed? How relevant are co-morbidities to the provision of counselling and support services to problem gamblers?

We note that while this section makes specific reference to government programs, non-government community service organisations have been the major providers of direct services to people who gaming problems. So we focus on the provision of help services, to gamblers, by non-government community service organisations, supported by government funding.

The two gambling councillors quoted earlier in this submission responded to these questions with the following:

What we do is basically pick up the pieces and we know that we do it very well, because on an individual basis we see a lot of success with our clients. However, when you look at the bigger picture, what is really needed is prevention rather than cure and we honestly don't see that occurring in a way that will actually cause a significant reduction in the harm caused by gambling. What we do works ie we work with clients on a one-to-one basis, we tailor our services to meet each client's individual needs, we accept anyone who comes to us with a concern about gambling, we are non-judgmental in our approach and very client-focussed in our work practices. We offer to explore underlying issues that have rendered clients vulnerable to problem gambling. We also educate clients about the gambling industry and how it works. We explain to them in particular how poker machines

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work as about 85% of our clients gamble only on poker machines. We suggest useful strategies for changing behaviour and we are available to clients for as long as they choose to.

It is imperative that high-quality, gambling help services are readily available to anyone seeking help to deal with a gambling problem or an issue related to gambling.

While there is a wide range of topics that could be considered in response to this issue, specific recommendations are made under five headings:

- General gambling help services
- Indigenous
- Young People
- Quality Services
- General social services

Gambling Help Services - General

Responding to gambling harm requires an integrated range of responses, best described by application of a public health approach to reducing gambling harm. Over the past decade, most focus on reducing gambling harm has been through the provision of tertiary level services focussed on individuals with gambling problems. These services are very important. However, improved use of primary and secondary responses, including public education and other risk reducing strategies will increase the reach, timeliness and effectiveness of the overall harm minimisation effort.

Public Health Approach

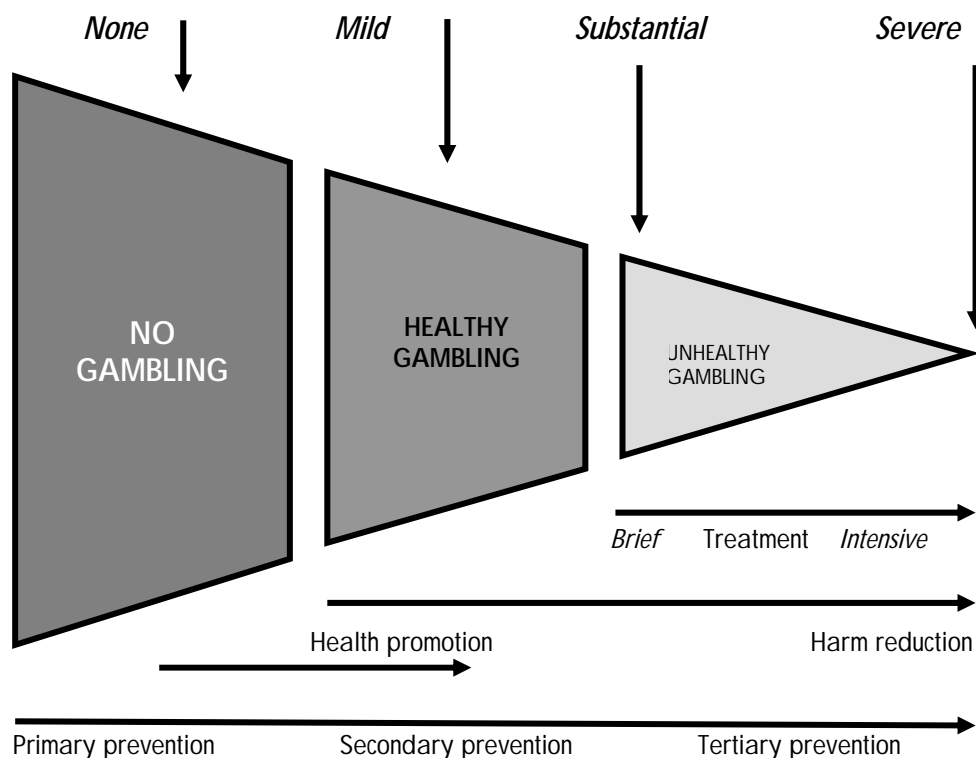
Funding for gambling help services in Australia has tended to follow a treatment focussed approach, whereas a broader public health approach is likely to give better outcomes. The following summary of this approach is taken from a recent SACOSS report⁴⁷

The public health model is a framework from which an integrated, whole-of-community (which includes government) response can be delivered on particular issues that affect the health of a community. This model is illustrated on the following page

⁴⁷ The use of public health for gambling help services; SACOSS Information Paper, Dec 2008

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Figure 1: The Korn and Shaffer 'Public Health Framework for Gambling' 1999



The Korn and Shafer 'public health framework for gambling model' seen above effectively illustrates that the use of primary, secondary and tertiary prevention can be used over a continuum that begins before people present as problem gamblers while also being responsive to people who are experiencing severe problems from their gambling behaviour. Contemporaneously, the treatment/medical model has only sought to address the thin end of the wedge.

Recommendation: that a "Public Health" approach to responding to gambling harm be developed and implemented across Australia. Ideally this approach will be directed by the Council of Ministers for Gambling.

Adequate levels of resourcing are paramount in enabling high-quality services to be developed and maintained. To achieve this it is proposed that 2.5% of net gambling revenue be hypothecated to fund gambling help services provided outside of government. The fund would also provide funding to build the evidence based on effective approaches to reducing gambling harm and addressing problem gambling and its impact on families and the community.

The proposal of a hypothecation of net gambling revenue is proposed as a benchmark, to enable responsible planning for the development and implementation of gambling help services as well as research programs. The figure of 2.5% is well below some international allocations, for example Canada at 10% and Japan. This figure, however, would be an increase on current allocations in Australia.

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Recommendation: that 2.5% of net gaming revenue be hypothecated to fund non government gambling help services and research relevant to reducing gambling harm.

*Have government programs relevant to gambling been evaluated?
What do these evaluations show?*

7.2 Evaluation of Gambling Help Services

Uniting Care Australia is concerned that there has been a lack of transparent reporting of monitoring of gambling help services, and a lack of effective evaluation of these services.

This has given rise to unfounded assertions about the effectiveness, or ineffectiveness of gambling help services in general, or claims about particular methodologies being superior.

Uniting Care Australia observes, qualitatively, that tertiary level gambling help services have been effective in reducing gambling harm for a majority of people seeking help. It is also evident that a range of approaches are generally effective. It is recognised that a plurality of approaches to problem gambling is necessary.

It is also evident that there has been limited publishing of data from service monitoring and very few formal evaluations of gambling help services to determine service effectiveness.

All participants in the gambling industry need to be the subject of independent monitoring and evaluation, with monitoring data and evaluation outcomes published and accessible to the general public. This means that gaming help services need to be the subject to scrutiny, and open to learn from experience, in the same way as industry and governments need to be accountable.

We suggest that monitoring and evaluation be considered to be two separate processes to be applied to gambling help services.

Ideally a national gambling help service monitoring template would be developed through the Ministerial Gambling Council, with each jurisdiction then taking responsibility for collecting and publishing data for gambling help services. Measures would include numbers of clients seen over a 12 month period, counselling and public education sessions conducted, screenings applied and scores recorded, summary information about methodologies used, basic demographics of clients, some co-morbidity data, etc. We recognise that initial postings of data may contain gaps, and some data collection issues need to be resolved. However, we are confident that within a couple of rounds of data being published, that data quality will be sound.

Evaluations also need to be undertaken to determine service effectiveness and to identify areas for service improvement. We recognise that the range of methodologies for formal evaluations of services, and the research question is

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of critical importance. It is also recognised that relapse is a part of dealing with a gambling problem, indeed one of the better predictors for positive behaviour change outcomes for people dealing with addiction, is the number of times that a person has been through a rehabilitation program.

We suggest that a national evaluation of a selection of gambling help services is funded and conducted every three years, with a research question something like “was reduced gambling behaviour evident six months after the last formal contact with a service?”

The proposed evaluation will consider services from a range of geographic locations and using different methodologies. Elements of the evaluation would need to include:

- intake processes
- nature and intensity of intervention
 - with reference to co morbidities
- demonstrable benefit including
 - behaviour change
 - client satisfaction

Recognising that there is a wide range of evaluation methodologies, we identify “Realistic Evaluation” as described by Ray Pawson and Nick Tilley as being a useful approach.⁴⁸

This proposed evaluation and monitoring would be funded through the proposed hypothecated allocation from net gambling revenue.

Recommendation: that a process for help service monitoring the developed and a series of formal evaluations are undertaken, of a range of gambling help services, to identify practice excellence and areas for potential improvement of existing practice.

Most of the focus of gaming help services has been to assist individuals with gambling problems to regain control over their gambling. While these services are needed, they generally operate from a ‘deficit model’. Recognising that about 10 - 15% of people with harmful addictive behaviours (alcohol, illicit drugs, gambling) seek formal assistance from help services to reduce these behaviours, there is a need to develop a greater understanding of self-help and resilience by individuals, as well as their friends and families. Better understanding of how individuals with gambling problems, who do not seek help from specialised services, deal with and solve problems, would enhance the capacity of generalist services to reduce problem gambling, particularly amongst the cohort that does not seek formal help.

Recommendation: that further study is undertaken to gain a greater understanding of resilience amongst individuals and families who develop responses to problem gambling, without formal intervention.

⁴⁸ Realistic Evaluation, Ray Pawson and Nick Tilley; SAGE publications 1997

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Data, Measurement and Research

In the decade since the first Productivity Commission report on Australia's gambling industries, there has been very uneven progress in the capturing and reporting of data and measurement of effectiveness of harm reducing strategies. The production of Australian Gambling Statistics by the Office of Economic and Statistical Research of the Queensland Government is recognised as a very valuable contribution; however, a more extensive database is needed. This database would include measures of help seeking behaviour, help service effectiveness, compliance reporting by venues relating to implementation of regulation and codes of practice and agree to data relating to pre-commitment and player tracking approaches.

Recommendation: that a broader range of measures is included in the annual public reporting of Australian Gambling Statistics