

NEW SOUTH WALES GOVERNMENT SUBMISSION

TO

**PRODUCTIVITY COMMISSION INQUIRY INTO GAMBLING IN
AUSTRALIA**

MARCH 2009

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ATTACHMENTS A TO E

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1 Introduction

Legalised gambling has been a socially acceptable and enjoyable recreational activity since early colonisation of Australia. The gambling industry in NSW does more than provide a form of entertainment to participants. It is a large industry in terms of its annual turnover, and makes significant contributions to employment, government revenue, and local communities.

While most people who gamble do so in a responsible manner and enjoy gambling as entertainment, for some it is a cause of problems for themselves, their families and the community. For some regular gamblers, gambling can directly and adversely affect their lives financially, socially, personally and legally ie become involved in criminal activity.

The Australian situation is consistent with international experiences where governments have authorised gambling. As gambling opportunities have grown in accessibility and diversity, similarly the opportunities for gambling problems have increased. As the quantity and quality of gambling opportunities has increased, so has the uptake of gambling.

For this reason, the legislation that regulates gambling in NSW includes requirements for the provision of a range of ‘harm minimisation’ measures. The harm minimisation framework comprises a significant number of specific measures, many of which have been introduced since 1999, as well as programs for research, counselling, community education and community support projects.

These measures and programs are overseen by the NSW Office of Liquor, Gaming and Racing (OLGR) (which is part of the Department of the Arts, Sport and Recreation), the Responsible Gambling Fund (RGF), and the Casino, Liquor and Gaming Control Authority (CLGCA).

The challenge for government is to find a response that balances the opportunity for members of the community to legitimately gamble if they choose, with the social responsibility of government to provide appropriate responsible gambling measures that attempt to provide community welfare.

It is generally agreed by all governments and the Council of Australian Governments (COAG) that preventing and addressing the negative consequences from problem gambling is a responsibility of all governments, the gambling industry, communities and individuals.¹

This work is on-going. Regulations and compliance strategies continue to be reviewed and refined, public awareness, education and training campaigns and programs are developed, undertaken and evaluated, counselling services are funded, evaluated and enhanced, while the research effort needed to support these efforts continues.

Between 1999 and 30 June 2008, the NSW Government through the RGF allocated \$77.4 million to problem gambling counselling and support services, community education and awareness activities, and research. Of this \$64.1 million was allocated to gambling counselling and support services, \$5.5 million to research and \$7.8 million to education campaigns.

¹ Council of Australian Governments (COAG) Communiqué, 3 November 2000

2 Gambling activity – changes to industry structure in NSW since 1999

2.1 Introduction

2.1.1 A regulated gambling industry

Gambling in one form or another has been a part of the Australian culture since at least early European colonisation. Even so, for most of this time, the conduct of most forms of gambling in NSW was generally prohibited.

Over the past 100 years, these prohibitions have been progressively replaced by an approach that permitted particular forms of gambling to be conducted by certain operators, but subject to tight regulatory controls. The general focus of this regulation has been to ensure the integrity of both the particular gambling activity, and those people associated with its conduct – and in more recent years to address harm minimisation issues.

This approach resulted in the introduction of non-commercial lotteries in 1901, totalizator betting at race courses in 1916, commercial lotteries in 1930, the legalisation of gaming machines in registered clubs in 1956 (and in hotels in 1984), the establishment of an off-course totalizator system, the TAB, in 1964, and the licensing of the Sydney casino in 1995.

Bookmakers have been operating at race courses since racing commenced in NSW in the 1800s.

2.1.2 Forms of gambling in NSW

A variety of forms of gambling are available in NSW. Briefly, they are:

- electronic gaming machines which are authorised for use in clubs and hotels in NSW and in the Star City Casino;
- lottery products including Lotto (Monday and Wednesday), Lotto Strike, Oz Lotto, Saturday Lotto, Powerball, Soccer Pools, Draw Lottery Games and ‘Scratchies’;
- Keno which is offered in registered clubs, hotels and the casino;
- casino gaming including table games such as blackjack, roulette, sic bo and baccarat; and
- wagering, which comprises betting on thoroughbred, harness, greyhound racing and sporting events through on course bookmakers and totalizators, and the TAB.

This list does not include the several forms of ‘non-commercial’ gambling conducted throughout the State mainly for the benefit of not-for-profit organisations or for other charitable purposes (eg raffles, sweeps, art unions, charity housie). Nor does it include ‘free-entry’ trade competitions conducted to promote particular business activities. These activities are regulated under the *Lotteries and Art Unions Act 1901* (NSW) and associated regulations and permit conditions. These matters are not addressed further in this submission as they are not within the terms of reference of the Productivity Commission inquiry.

Snapshot of the industry

The key forms of gambling licensed in NSW comprise the following (as at 30 June 2008):

Gaming machines in registered clubs and hotels	
•	70,406 in 1,438 registered clubs
•	23,874 in 1,823 hotels
Sydney casino	
•	1,500 gaming machines
•	210 gaming tables
Race and sports wagering	
•	1818 off-course totalizator outlets (hotels/clubs)
•	255 off-course totalizator outlets (TAB outlets)
•	201 on-course totalizators
•	272 bookmakers
•	the TAB plus 6 full-time and 38 casual authorised sports wagering bookmakers
Commercial lotteries	
•	Lotto, Lotteries and associated games available through 1,547 agencies
•	Keno available through 1,009 registered clubs and 549 hotels

2.2 Gaming machines

Gaming machines in NSW are installed in hotels, registered clubs and the Sydney Casino. The number of machines is virtually the same at 30 June 1999 and 30 June 2008, although the number of gaming machines operating in NSW peaked at around 101,000 in 2000 and 2002.

As at 30 June 1999, there were 94,280 gaming machines operating in hotels and clubs in NSW. The distribution of gaming machines between hotels and clubs in NSW in 1999 is shown in Table 1.

Table 1: Distribution of gaming machines in NSW (30 June 1999)

	Hotels	Clubs	Total
No of venues	2,035	1,507	3,542
No of venues with machines	1,823	1,438	3,261
No of machines	23,874	70,406	94,280

As at 30 June 2008, the number of gaming machines operating in NSW was 96,551 with the distribution between hotels and clubs as in Table 2.

Table 2: Distribution of gaming machines in NSW (30 June 2008)

	Hotels	Clubs	Total
No of venues	2,083	1,493	3,576
No of venues with machines	1,710	1,322	3,032
No of machines	23,732	72,819	96,551

Table 3 shows the change in the number of gaming machines during the period 1994 and 2008. The following are key milestones when interpreting the table.

- April 1997: gaming machines can be operated in hotels (linked to the number of Approved Amusement Devices (AADs);
- March 2000: gaming machine restrictions imposed on clubs;
- April 2001: gaming machine restriction imposed on hotels;
- April 2002: poker machine entitlement transfer scheme introduced (for more information refer to section 5.2.5.1, *Gaming machine caps and the PME transfer scheme*); and
- April 2002: cap on the number of gaming machines introduced (clubs: 78,020; hotels 25,980; total 104,000).

Table 3: Change to the number of gaming machines in NSW for the period June 1994 to June 2008 for clubs and hotels

Period	Clubs	Hotels	Total
June 1994			71033
June 1995			74048
June 1996			75741
June 1997	66042	20638	86680
June 1998	66342	23756	90098
June 1999	70406	23874	94280
June 2000	76329	25094	101423
June 2001	74710	25452	100162
June 2002	76380	24628	101008
June 2003	75412	24255	99667
June 2004	74912	24197	99109
June 2005	74672	24136	98808
June 2006	74273	24053	98326
June 2007	73421	23943	97364
June 2008	72819	23732	96551

Under the *Casino Control Act 1992* (NSW), the maximum number of gaming machines that can be operated by the Sydney Casino (Star City), which holds the only casino licence in NSW, is 1,500. The one casino policy was confirmed by the NSW Government in October 2007.

2.2.1 Hotel sector

Since 1999 there has been a further consolidation in the ownership of hotels, from smaller operators to ownership by larger corporations.

2.2.2 Registered clubs sector

Registered clubs in NSW provide lifestyle and community-focussed goods and services to their members and the community at large. Clubs receive favourable treatment from the NSW Government, for example, lower rates of taxation on gaming machine profits compared

to hotels and higher numbers of gaming machines permitted per venue. This support is on the basis that clubs are not-for-profit organisations.

In June 2008, the NSW Independent Pricing and Regulatory Tribunal (IPART) published its *Review of the Registered Clubs Industry in NSW*.²

IPART calculated that the value of clubs' contribution to social infrastructure in 2007 was \$811 million. This figure does not include indirect or intangible contributions made by clubs; nor does it take into account the costs associated with problem gambling or problem drinking.

Clubs also contribute to the local community through the Community Development and Support Expenditure (CDSE) Scheme. The Scheme provides a gaming machine tax rebate of up to 1.5 per cent to clubs that make eligible community contributions in accordance with the Scheme's guidelines. In the year to August 2008, clubs received a total rebate of \$39.7 million (\$40.2 million in 2007, \$36 million in 2006) and were recognised for making eligible contributions worth \$69.7 million (\$71.5 million in 2007, \$58.7 million in 2006).

As at 30 June 2008 there were 1,493 registered clubs in NSW compared to 1,507 in 1999.

IPART noted that “[s]ocial, demographic and commercial changes over the last 10 years have affected the registered clubs industry in many ways”, and that “... it does not consider it appropriate or realistic to expect that all existing clubs will survive and flourish over the coming 10 to 15 years”. IPART reported that since 1998, 105 clubs had amalgamated, 184 clubs had ceased trading, and only 35 new club premises had been established.

The IPART review noted that only 13% of registered clubs did not have gaming machines.

With so many clubs having gaming machines and the possibility that more clubs will cease trading, it is therefore possible that the number and distribution of gaming machines in clubs (and thereby overall) in NSW will change in the coming years. It should be noted that clubs are able to trade their gaming machine entitlements (refer to section 5.2.5.1).

2.2.3 Technology

Multi-Terminal Gaming Machines (MTGMs)

A Multi-Terminal Gaming Machine (MTGM) is a gaming machine that is designed to be played by more than one player at one time and is equipped with more than one terminal. They were introduced by clubs because they are seen as presenting patrons with a different style of gaming product. Before this they had been operating in the Sydney Casino.

There were 197 MTGMs in NSW clubs in 1999. As at February 2009 there were 2,192 MTGMs in NSW. In December 2007 the Government introduced a limit on the number of MTGMs in clubs so that no more than 15% of gaming machines in a club could be terminals of an MTGM. This cap, under the *Gaming Machines Act 2001* (NSW), is in place to prevent clubs becoming de facto casinos. MTGMs are not permitted in hotels.

The Central Monitoring System (CMS)

The purpose of the Centralised Monitoring System (CMS) is to electronically monitor the operation and performance of gaming machines; to facilitate the calculation and collection of duty; and to undertake a number of related functions. It also releases clubs and hotels from many of the manual returns and administrative requirements of the previous systems.

In December 2001 it became a statutory requirement for all club gaming machines in NSW to be connected to the CMS. The requirement was applied to hotels in January 2002.

² A copy of IPART's report of its Review of the Registered Clubs Industry in NSW may be obtained from: http://www.ipart.nsw.gov.au/investigation_content.asp?industry=5§or=current&inquiry=117

Maxgaming NSW Pty Ltd, a Tattersall's Company, currently holds the licence to operate the CMS on behalf of the Government for a period of 15 years, expiring in November 2016.

The CMS:

- enhances the integrity of gaming machine operations;
- assesses tax and assists in the tax collection function by the NSW Office of State Revenue;
- provides better information to many clubs, hotels on gaming machine performance; and
- maintains a real time database of gaming machines operating throughout New South Wales and enables authorisation of changes to gaming machines holdings.

To enable all gaming machines, including Linked Progressive Jackpot Controllers, to be electronically connected to the CMS each gaming machine has a Gaming Machine Interface Card (GMIC) installed, which, in turn, is connected to a Local Area Network (LAN) that is connected to a CMS site controller.

The GMIC records and stores meter readings as the gaming machine emits them. The reading may also include unusual events as they occur. These are known as 'integrity events' and include such events as a RAM reset. At 15 minute intervals, these readings and events are forwarded to the CMS site controller.

Each day there is an automatic transfer of data (the meter readings and integrity events) from each CMS site controller to the CMS host system.

The CMS identifies machines by their unique GMID (Gaming Machine Identification) number, not the serial number displayed on the compliance plate. The GMID is used because compliance plate numbers are issued arbitrarily while the GMID is issued for the specific purpose of supporting the computer functions of the CMS.

Refer to section 5.2.9, *Gaming machine technology* for more information about gaming machine technology and the regulatory environment.

2.3 Lotteries

Under the *Public Lotteries Act 1996* (NSW) there are two licensees and eight lottery products.

One licensee is the NSW Lotteries Corporation, a State Owned Corporation, which is licensed to operate seven lottery products. This has not changed since 1999.

In November 2008 the NSW Government announced that the possible sale of NSW Lotteries would be investigated. This process is currently being undertaken by NSW Treasury. Future arrangements with regard to the operation and any extension of the current licenses will depend on the outcome of this process.

The seven lottery products are:

- Draw Lotteries (Lucky Lotteries — \$2 and \$5 Jackpot Lotteries);
- Lotto (Monday Lotto, Wednesday Lotto and Saturday Lotto, with Saturday an Australian Lotto Bloc product);
- Oz Lotto (Australian Lotto Bloc product);
- Lotto Strike (Australian Lotto Bloc product);
- Powerball (Australian Lotto Bloc product);
- Instant Lotteries (Instant Scratchies — seven ticket price denominations from \$1 to \$10); and

- Soccer Football Pools (6 from 38 Pools). The Pools is administered by SA Lotteries on behalf of the Australian Soccer Pools Bloc.

Since 1999 the significant changes to the lottery products available in NSW have been:

- December 2000: Saturday Lotto launched under the Lotto brand.
- April 2002: The \$2 Jackpot Lottery was revamped with the jackpot increment increasing from \$50,000 to \$75,000 per draw. The number of tickets in each lottery rose from 180,000 to 200,000.
- April 2004: An extra (45th) ball was added to Monday and Wednesday Lotto bringing it into line with the same game matrix for Saturday Lotto, 6 from 45. Lotto Strike was added to Saturday Lotto, making it available for all three Lotto draws held Monday, Wednesday and Saturday.
- October 2005: OZ Lotto game matrix of 7 from 45 was introduced.

2.4 Keno

The other licensed lottery product is Keno. This licence is held jointly by Jupiters Gaming (NSW) Pty Ltd (a subsidiary of TabCorp Holdings Ltd) and ClubKeno Holdings Pty Ltd, and permits the conduct of Keno in registered clubs (conducted in over 1,000 premises), hotels and the casino.

In July 2007, a new non-exclusive public lottery licence for Keno was granted for 15 years. The conditions of the licence require a review after 10 years to determine whether the licence should continue for a further 5 years.

The most significant change to Keno since 1999 is its introduction to hotels. Keno has been operating in NSW hotels for just over 12 months, with the first hotel going live in March 2008. As at 31 January 2009, 549 NSW hotels provided Keno facilities. Although the game is now increasingly being played in hotels, it is still operated by the clubs, through contractual arrangements that clubs have with the current operator, Jupiters.

2.5 Casino

There is only one casino in NSW: the *Casino Control Act 1992* (NSW) provides that there can be only one casino licence in force under the Act at any one time and that a casino licence is to apply to one casino only.

In 1994, the NSW Government granted a licence to operate a casino for 99 years (expiring in 2093). There was a 12 year exclusivity period (expired on 13 September 2007) and a 30 year protection period (until 2024) during which the casino operator has a right to compensation from the NSW Government for any Government decisions which have the effect of prohibiting or no longer permitting casinos in NSW generally or at the casino site; reducing the number of gaming tables and machines the casino is entitled to operate, or requiring the casino to operate for less than seven days a week, 24 hours a day. In October 2007, the NSW Government announced a new agreement with the casino operator, including a new exclusivity period through to 13 November 2019, for an upfront fee of \$100 million and changes to tax structures from 1 July 2008.

The currently licensed casino operator is TabCorp. It took over the casino's operations from Harrah's Entertainment & Leighton Properties in October 1999.

2.6 Wagering

Wagering in NSW is conducted on thoroughbred racing, harness racing, greyhound racing and certain sports.

TAB Ltd (a wholly-owned subsidiary of TabCorp) holds 99-year licenses for the conduct of on-course and off-course totalizator betting. The off-course licence has a 15-year exclusivity period expiring in 2013. There are also 272 bookmakers licensed to conduct betting at race course locations.

Thoroughbred race meetings are currently conducted by non-proprietary race clubs at 123 licensed racecourses around NSW. There were 537 licensed race meetings during 2007/08. Race meetings were curtailed during the period August 2007 to February 2008 due to the outbreak of Equine Influenza. During 2006/07 there were 757 racing meetings conducted in NSW.

In 1999/00 there were 129 licensed race courses for thoroughbred horse racing which saw the conduct of 881 race meetings.

During 2007/08 a total of 1,372 greyhound race meetings were conducted at 35 race courses, and a total of 330 harness race meetings were conducted at 30 race courses. Harness race meetings were also curtailed during the period August 2007 to February 2008 due to the outbreak of Equine Influenza. During 2006/07 there were 510 harness racing meetings.

There were 38 licensed race courses for harness racing and 39 for greyhound racing in 1999/00. In 1999/00 there were 568 harness racing and 1,748 greyhound racing meetings.

Sports betting has been legal in NSW since 1998. Since then 30 different sports have been approved by the NSW Minister for Gaming and Racing for sports betting in NSW. The list includes, athletics, Australian Rules Football, Rugby League, Rugby Union, baseball, American Football, boxing, cricket, lawn bowls, soccer and golf.

In addition to the TAB, six fulltime sports bookmakers have been approved for sports betting in NSW.

2.7 Gambling expenditure

Tables 4 to 7 below show gambling expenditure in NSW between 1999/00 and 2007/08 for: gaming machines, Totalizator, Bookmakers and Sports Betting (ie wagering), Lotteries and Keno, and the Sydney Casino.

**Table 4: Gaming Machine Hotel & Club profits (gaming machine expenditure)
1999/00 to 2007/08**

Year	Hotels (\$b)	Clubs (\$b)	Total (\$b)
2007/08	1.468	3.176	4.644
2006/07	1.699	3.507	5.206
2005/06	1.630	3.393	5.023
2004/05	1.593	3.323	4.916
2003/04	1.501	3.167	4.668
2002/03	1.424	3.035	4.459
2001/02	1.337	2.952	4.289
2000/01	1.250	2.849	4.099
1999/00	1.111	2.715	3.826

(Source: Dept of Gaming & Racing / OLGR Annual Reports 1999/00 to 2007/08)

Table 5: Racing and Sports betting expenditure – 1999/00 to 2007/08

Year	Totalizators (\$m) [@]	Bookmakers (\$m) Racing *	Sports betting (\$m) TAB & Bookmakers *
2007/08	745.1	28.7	69.8
2006/07	778.0	32.9	58.7
2005/06	766.4	32.1	52.5
2004/05	789.8	34.6	40.4
2003/04	726.1	36.9	37.1
2002/03	742.7	33.3	29.4
2001/02	717.6	26.2	28.0
2000/01	670.1	26.6	17.6
1999/00	651.5	26.9	17.9

@ Excludes FootyTAB betting, which is included in the Sports betting figures.

* Proportion relative to Bookmaker operations is estimated at 5.5% of turnover.

(Sources: OLGR)

Table 6: Lotteries and Keno expenditure – 1999/00 to 2007/08

Year	Lotteries (\$m)*	Keno (\$m) [∞]
2007/08	565.2	87.2
2006/07	526.2	86.3
2005/06	526.6	83.9
2004/05	514.6	86.2
2003/04	505.8	84.0
2002/03	497.2	82.4
2001/02	460.1	84.4
2000/01	453.2	78.5
1999/00	422.3	Not available

(Sources: * NSW Lotteries Corporation; and [∞] Jupiters Gaming NSW/Club Keno)

Table 7: Sydney Casino gaming expenditure – 1999/00 to 2007/08

Year	Casino (\$m)*
2007/08	564.5
2006/07	580.5
2005/06	591.5
2004/05	584.0
2003/04	551.0
2002/03	541.0
2001/02	533.5
2000/01	498.5
1999/00	484.5

* based on Casino Community Benefit Fund / Responsible Gambling Fund (RGF) levy payments
(levy set at a rate of 2% of the casino's gaming revenue)
(Source: Casino Control Authority Annual Reports 1999/00 to 2007/08)

3 Participation and profile of gamblers

3.1 Introduction – prevalence studies

While it would appear that the majority of people who engage in gambling do so harmlessly and in a socially enjoyable manner, there are others for whom gambling is a significant problem. While the effects associated with this problem are generally well-known, defining the term has proved to be a considerably more complex and debated task. For this reason, research was commissioned by Gambling Research Australia (GRA) to determine the most appropriate definition.³ The following definition of problem gambling was developed by Gambling Research Australia and is endorsed by the Australian Ministerial Council on Gambling:

*Problem gambling is characterised by difficulties in limiting money and/or time spent on gambling, which leads to adverse consequences for the gambler, others or for the community.*⁴

The reference to “difficulties in limiting money and/or time spent on gambling” indicates a continuum of gambling behaviours, ranging from those who have no difficulty, to those who have extreme difficulty.

As with the definition of the term, determining the actual number of people in NSW who are problem gamblers is a contentious exercise. To date, four major studies have been undertaken of the NSW population, in 1995, 1997, 1999 and 2006, to gauge the prevalence of problem gamblers in the State.

The first three studies used a broadly similar screen for problem gambling (the South Oaks Gambling Screen or a modification of it) where people selected at random are questioned about their gambling habits.

The GRA research reviewed the range of screens developed to identify gambling problems in the community. The screen preferred in the GRA research was the Canadian Problem Gambling Index (CPGI). This was adopted by the Ministerial Council on Gambling as the nationally consistent measurement tool for population-based surveys.

The CPGI is now recognised as the measure of choice for all Australian prevalence research and has been widely adopted in other international jurisdictions. Consistent use of this measure will strengthen the capacity to conduct longitudinal as well as inter-jurisdictional comparisons of problem gambling prevalence rates. The CPGI, specifically developed as a community wide measure, consists of nine questions with the optional responses for each ranging from ‘never’ to ‘almost always’.

Table 8: NSW Problem Gambling Prevalence Surveys

Year	Sample size	Method	Screen	Outcome
1995	1390	Door-knock	SOGS	2.59%
1997	1209	Door-knock	SOGS	2.89%
1999 ⁵	2600	Telephone	SOGS	2.55%
2006	5029	Telephone	CPGI	0.8% (Problem gambler) 1.6% (moderate risk) 2.1% (Low risk)

³ Refer section 6.5.8 for more information about Gambling Research Australia (GRA)

⁴ Neal, P., Delfabbro, P.H., & O’Neal, M. (2005). Problem Gambling and Harm: Towards a National Definition

⁵ Productivity Commission, 1999

Further research and reports on the participation and profile of gamblers can also be found on the OLGR website at: http://www.olgr.nsw.gov.au/gaming_research_year.asp.

The NSW Population Health Survey is an ongoing telephone survey of NSW residents and is one of the main mechanisms through which NSW Health monitors population health. It has recently included gambling questions with the intention of linking gambling information with key health information, such as drug and alcohol use, mental health, self-rated health status and social capital. The questions are intended to gauge the respondents' level of problem gambling.

The information gathered from the survey is expected to better support the planning of assistance services, particularly between gambling and non-gambling specific services.

Importantly, the survey is also expected to provide useful information about gambling and potential gambling problems amongst people from culturally and linguistically diverse backgrounds, Aboriginal people, and people between 16 and 17 years of age.

Four gambling-related questions were included in the 2007 NSW Population Health Survey. Respondents were asked the following questions:

- In the last 12 months have you undertaken any forms of gambling?
- In the last 12 months have you bet more than you can afford to lose?
- In the last 12 months have you felt you might have a gambling problem?
- Has anyone in your immediate family ever had a gambling problem?

That survey found that among adults who gambled in the last 12 months, 4.4% felt they might have a gambling problem.

The nine Canadian Problem Gambling Index questions were included in the 2008 survey.

The results of the 2008 survey will be published in mid-2009.

In order to give a better assessment of the social impacts of problem gambling in NSW, further analysis will be undertaken on the responses to the Population Health Survey, especially linking the responses to the 2008 problem gambling questions with that information which is already gathered by NSW Health on drug and alcohol use and mental illness.

3.2 2006 NSW Prevalence Study

The 2006 NSW prevalence study conducted as a survey by ACNielsen,⁶ was commissioned by the NSW Government through the NSW Responsible Gambling Fund. The survey defined 'at risk' gamblers as the net of 'moderate risk' gamblers and 'problem gamblers'. For the survey 'moderate risk' gamblers were defined as gamblers who participate at least once a week in one type of gambling activity (excluding lotto/lottery) and may have experienced adverse consequences from gambling or may be at risk of problems occurring. Confirmed 'problem gamblers' were defined as those who participate at least once a week in one type of gambling activity (excluding lotto/lottery) and report having experienced adverse consequences from their gambling and may have lost control of their behaviour.

The 2006 NSW prevalence study found that, according to the CPGI:

- 0.8% of survey participants were identified as problem gamblers;
- an additional 1.6% were identified at "moderate risk"; and
- 2.1% were identified at "low risk".

⁶ The full report, *Prevalence of Gambling and Problem Gambling in NSW – A Community Survey 2006* by ACNielsen can be found on the OLGR website at: http://www.olgr.nsw.gov.au/rr_gpg_2006.asp.

The majority of the population (64.5%) are non-problem gamblers and 31% did not participate in any form of gambling. Together with nongamblers, this equates to 95.5% of the adult NSW population without risk of a gambling problem.

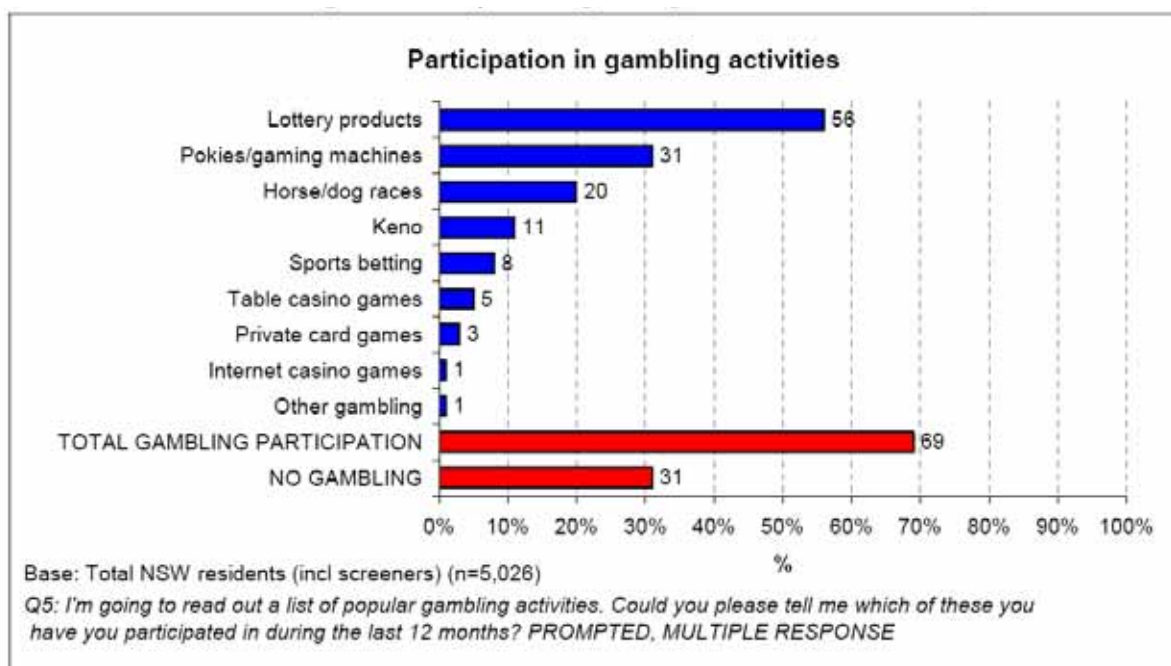
The following is a summary of some of the issues characterising problem gamblers. Details may be found in the prevalence study.

3.2.1 Participation across gambling activities

Participation by the NSW adult population across gambling activities is highest for lottery products (56%), followed by pokies/gaming machines (31%) and horse/dog races (20%). There is less participation in Keno (11%) and sports betting (8%) and 5% or fewer participate in each of table casino games, private card games and internet casino games.

Figure 1 shows the estimated percentage of NSW adults in each gambling group.

Figure 1: Participation in gambling activities in last 12 months, total NSW



Source: *Prevalence of Gambling and Problem Gambling in NSW – A Community Survey 2006* by ACNielsen

While lottery products attract highest participation, they are just as likely or more likely to be purchased by non-problem gamblers (85%) as those identified as risk gamblers (77%). It would appear that gaming machines pose most risk in terms of problem gambling as problem gamblers (95%) and moderate risk gamblers (87%) are all significantly more likely to use gaming machines than non-problem gamblers (69%).

3.2.2 Participation across age/gender groups

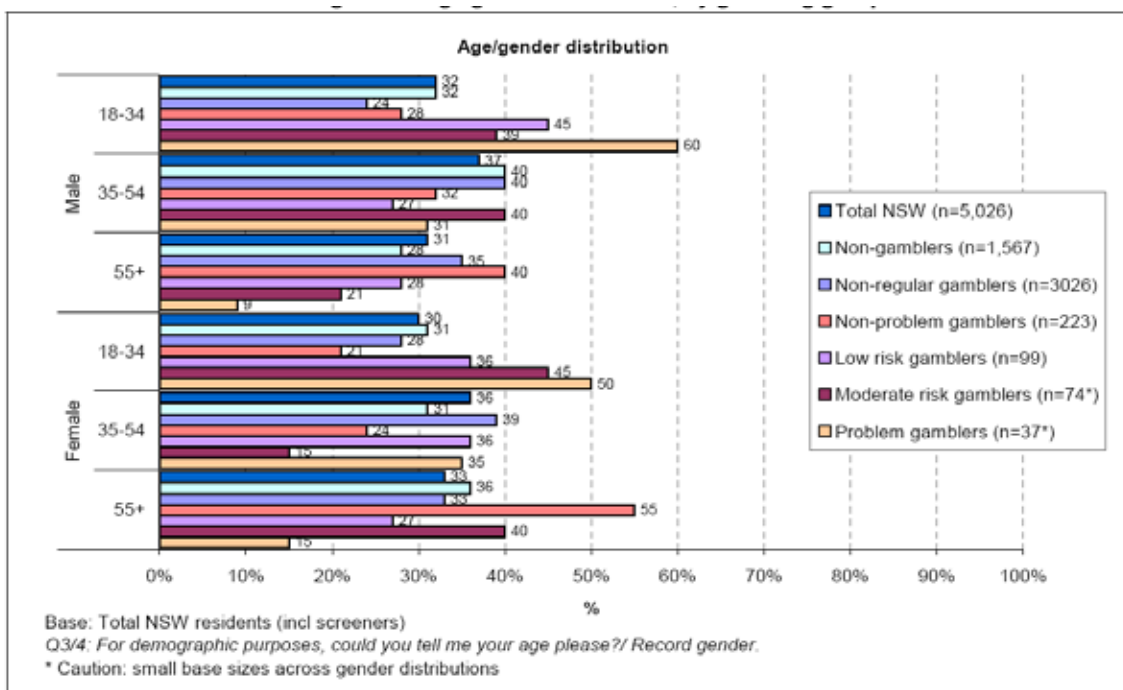
The 2006 NSW prevalence study found that there are a significantly higher proportion of young adult males across all of the risk gambling groups. Males are significantly over-represented in the low risk (66.0%), moderate risk (76.4%) and problem gambling (73.5%) samples compared with the total NSW adult population (46.4%). The gender distribution of non-problem gamblers more closely reflects the total sample, while females have higher representation among non-gamblers.

Higher risk gamblers are significantly more likely to be young adults aged 18-24 years. Compared with the total sample (10.3%), this demographic is significantly over-represented

among problem gamblers (39.5%) in particular, as well as low risk (27.2%) and moderate risk (25.0%) gamblers,.

Further to comparing the presence of gender/age characteristics across the gambling groups, Figure 2 provides an indication of distribution across combined gender/age groupings. Most notably, this highlights the significantly higher representation of males aged 18-34 years in the problem gambling group (60% compared to 32% of the total sample). While findings are indicative only due to smaller sample sizes across the gender distributions, this result is specifically driven by males aged 18-24 years. There is also a similar pattern of problem gambling for females aged 18-24 years.

Figure 2: Age/gender distribution, by gambling groups



Source: *Prevalence of Gambling and Problem Gambling in NSW – A Community Survey 2006* by ACNielsen

3.2.3 Regional Distribution of gambling

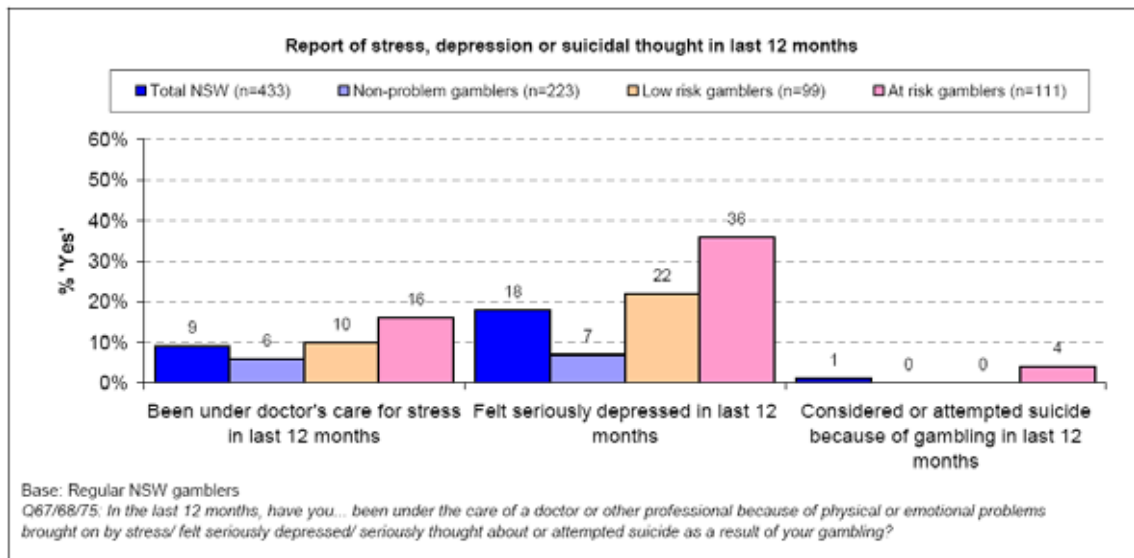
There is little variation in the distribution of gambling groups between metropolitan Sydney and the rest of NSW. However, three regions do emerge with greater prevalence among the higher risk gambling groups, including the Riverina/Murray regions (2.2%) among problem gamblers and the South East region among moderate risk gamblers (4.2%).

3.2.4 Mental health – stress, depression, suicide and substance abuse

The 2006 NSW prevalence study found that three mental health issues of stress, depression and suicide are more likely to be associated with higher risk gambling groups, in particular, problem gamblers. Over half (53%) of problem gamblers report having felt seriously depressed, compared to both moderate risk gamblers (27%) and low risk gamblers (22%).

Problem gamblers (29%) report having been under the care of a doctor or other professional because of physical or emotional problems brought on by stress, compared to lower levels for all other gamblers. In terms of seriously thinking about or attempting suicide as a result of gambling, only problem gamblers (8%) or moderate risk gamblers (3%) have considered such in the last twelve months. Figure 3 shows the proportion of regular gamblers who reported stress, depression or suicidal thoughts in the 2006 NSW prevalence study.

Figure 3: Proportion of regular gamblers who report stress, depression or suicidal thought in last 12 months, by gambling groups



Source: *Prevalence of Gambling and Problem Gambling in NSW – A Community Survey 2006* by ACNielsen

The 2006 NSW prevalence study states that although many of these behaviours tend to correlate with higher risk gamblers, more specific research is required to associate these behaviours with problem gambling rather than identify causal relationships that are likely to be multi-directional.⁷

A more recent study in Victoria on 2000 Victorians, conducted for the national depression initiative *beyondblue*, found that problem gamblers were more than 18 times more likely to experience severe psychological distress, and more than twice as likely to be depressed as people without a gambling problem (the 2008 Victorian study).⁸ The study found that more than 70% of problem gamblers were at risk of depression and more than a third had severe mental disorder.

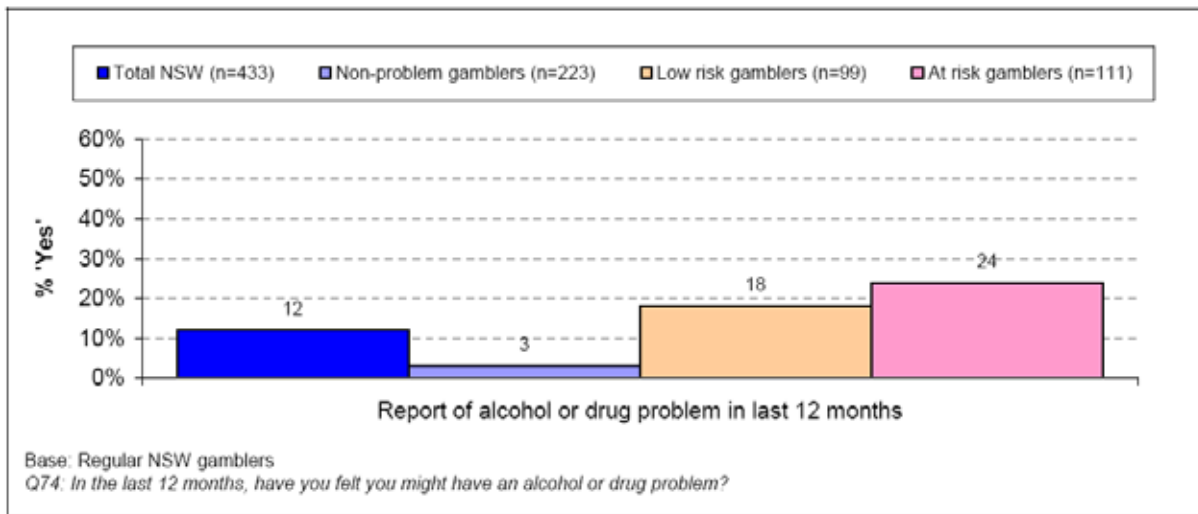
The 2006 NSW prevalence study states that in contrast to other associated behaviours, the co-morbidities of alcohol or drug problems among regular gamblers are not restricted to those in the higher risk gambling groups.

Figure 4 depicts how alcohol or drug problems tend to be associated with all gamblers across the risk groups, but are less likely among non-problem gamblers. Around one in five gamblers that are both low risk (18%) and 'at risk' (moderate/problem) (24%) self-identify with an alcohol or drug problem, with no difference between moderate risk gamblers or problem gamblers. Notably, regular gamblers that have gambled on a sporting fixture (20%) are more likely to feel they have had an alcohol or drug problems in the last twelve months (12%).

⁷ *Prevalence of Gambling and Problem Gambling in NSW – A Community Survey 2006* by ACNielsen p56

⁸ Thomas, S.A. & Jackson, J.C., (2008) *Risk Factors and Protective Factors, Depression and Co-morbidities in Problem Gambling*, Problem Gambling Research and Treatment Centre

Figure 4: Proportion of regular gamblers who report alcohol or drug problem in last 12 months, by gambling groups



Source: *Prevalence of Gambling and Problem Gambling in NSW – A Community Survey 2006* by ACNielsen

Research into the rate of mental illness and drug and alcohol use by problem gamblers points to the fact that problem gamblers have disproportionately higher rates of mental health and substance abuse problems compared with the general population. Despite the numerous studies done in this area, there does not appear to be an authoritative profile of problem gamblers or of those problem gamblers who may also have mental health or substance abuse problems.

One difficulty with attempts to determine the extent of gambling-related mental health issues is that they are likely to be underreported in mental health data, as gambling may not be a field in reporting tools and most mental health clinicians have received little training in detection and treatment of gambling problems. Similarly, as most mental health assessments in adults are aimed at individuals and not families, mental health data may underestimate the impact of gambling on families.

Research reported in the 2008 Victorian study found that 50% of problem gamblers engage in hazardous alcohol use; 71.4% were at risk of depression; and 35.7% of problem gamblers have a severe mental disorder, as defined by scores on the Kessler K10.⁹

An earlier study by the SA Department of Human Services in 2001 found that 4.3% of problem gamblers had intermediate to high rates of alcohol usage risk, compared with 3.9% of the general population.¹⁰ It also found that 6.6% of the problem gamblers interviewed had suicidal thoughts, compared with 4.8% of the general population, and that 25% of those problem gamblers who had had suicidal thoughts related those thoughts to their gambling.

The following data compare the prevalence of mental illness and substance use in problem gamblers drawn from the NSW Responsible Gambling Fund's Client Data Set analysis (CDS)¹¹ with rates in the Australian general population drawn from the National Survey of Mental Health and Wellbeing (NSMHW):¹²

⁹ *ibid*

¹⁰ Centre for Population Studies in Epidemiology, *Gambling Patterns of South Australians and Associated Health indicators* (2001)

¹¹ NSW Responsible Gambling Fund Client Data Set 2006/07, Annual Report, An analysis of clients presenting for problem gambling and financial counselling services between 1 July 2006 and 30 June 2007

¹² National Survey of Mental Health and Wellbeing (2007), Australian Bureau of Statistics

- CDS: 49.4% of problem gamblers had been diagnosed with depression; NSMHW: 11.6% of the population had had a depressive episode;
- CDS: 28.9% of problem gamblers reported having had a problem with alcohol; NSMHW: 18.9% of the population had had a harmful alcohol-use problem, with 3.8% had had an alcohol dependence problem;
- CDS: 17.1% of problem gamblers reported having had a problem with drugs; NSMHW: 7.5% of the population had had a drug use problem;
- CDS: 40.4% of problem gamblers reported having had thoughts about committing suicide. NSMHW: 28.3% of the population (without a mental disorder) had had suicidal thoughts; and
- CDS: 12.9% of problem gamblers reported having attempted suicide; HSMHW: 5.8% of the population (without a mental disorder) had attempted suicide,¹³

The 2008 Victorian study indicates that it is difficult to know whether gambling led to depression, or whether depressed people were predisposed to gambling.

While there appears to be a high prevalence of mental health problems including depression and suicidal behaviour in problem gamblers, it is unclear what the causal nature of the relationship is. Some studies suggest that problematic gambling leads to depression and suicidal behaviour,¹⁴ while other studies suggest that individuals with gambling problems are also vulnerable to developing depression, substance use problems and suicidal behaviours, ie, there are common risk factors but not necessarily a causal relationship.¹⁵

If it can be established that gambling behaviour is the cause of the higher rates of depression and suicidal behaviour in problem gamblers, then this would be a significant social impact of gambling.

3.3 Identification of problem gamblers in gambling venues

Gambling Research Australia (GRA) commissioned research, *Identifying problem gamblers in gambling venues* (November 2007), indicates that there is a wide range of potentially visible indicators and behaviours that are more likely to be seen among problem gamblers than other gamblers in Australia.¹⁶

The study found that within venues, identification of problem gamblers from others who gamble was theoretically possible through observation. The best predictors of problem gambling were found to be:

- gambling continuously;
- playing very fast;
- leaving the venue to find money;
- crying after losing; and

¹³ It was noted in the National Mental Health and Wellbeing Survey 2007 that this estimate has a relative standard error greater than 50% and is considered too unreliable for general use

¹⁴ Masood, Z Suicide and Gambling (guest editorial) *Australian e-Journal for the Advancement of Mental Health* 2005 4 (1); Griffiths, M Betting your life on it: Problem gambling has clear health consequences. *BMJ* 2004;329:1055-1056. The suggestion is that problem gambling causes financial debt or family, employment or legal problems and the result is increased psychological stress

¹⁵ Problem Gambling Foundation of New Zealand Problem Gambling and Suicidal Behaviour (August 2008); Newman, S and Thompson, A., The Association between Pathological Gambling and Attempted Suicide: Findings from a National Survey in Canada. *Can J Psychiatry* 2007; 52:605–612

¹⁶ Delfabbro, P., Osborn, A., Nevile, M., Skelt., L., & McMillen, J., *Identifying problem gamblers in gambling venues*, Gambling Research Australia, November 2007

- being nervous or edgy.

The research also found that only two of these indicators need be displayed to identify problem gambling with 80% confidence, and with the indicators only needing to occur once. The complete list of indicators is reproduced in the report. The review of the NSW Responsible Conduct of Gambling training course (refer section 7.3.10 for more information) in 2009 will include reference to this research.

3.4 Overseas studies

The increasing Australian and international popularity of the CPGI as a more reliable prevalence measure enables the position in NSW to be considered in a wider context. The information shown in Table 9 is drawn from material compiled by the Alberta Gaming Institute,¹⁷ and from Australia about prevalence studies conducted within jurisdictions that have used the CPGI or its equivalent in adult populations.

Despite a wide range of machine types and numbers available internationally, problem gambling prevalence in Australia is similar to Canada, Great Britain and other jurisdictions.

Table 9: International prevalence studies using CPGI
(% relates to those classified as 'problem gambler')

Jurisdiction	Prevalence estimates	Year
Norway	1.90%	2005
Manitoba (Canada)	1.60%	2006
New Brunswick (Canada)	1.40%	2001
Albert (Canada)	1.30%	2002
Newfoundland and Labrador (Canada)	1.20%	2005
Saskatchewan (Canada)	1.20%	2002
Victoria (Australia) ¹⁸	0.97%	2004
British Columbia (Canada)	0.90%	2007
Prince Edward Island (Canada)	0.90%	2005
Queensland (Australia) ¹⁹	0.83%	2005
Great Britain	0.80%	2007
New South Wales (Australia)	0.80%	2006
Nova Scotia (Canada)	0.80%	2003
Ontario (Canada)	0.80%	2005
Tasmania (Australia) ²⁰	0.73%	2005
Northern Territory (Australia) ²¹	0.64%	2005
New Mexico (USA)	0.60%	2006
Iceland	0.50%	2005
South Australia (Australia) ²²	0.40%	2006

¹⁷ http://www.abgaminginstitute.ualberta.ca/prevalence_canada.cfm – viewed March 2009

¹⁸ The Centre for Gambling Research Australian National University (2004) Validation of the Victorian Gambling Screen, Prepared for the Gambling Research Panel by The Centre for Gambling Research Australian National University, April 2004.

¹⁹ Queensland Government, Research and Community Engagement Division, The Queensland Household Gambling Survey 2001

²⁰ Roy Morgan research (2006) The Fourth Study into the Extent and Impact of Gambling in Tasmania with Particular Reference to Problem Gambling. Follow up to the Studies Conducted in 1994, 1996 and 2000. Prepared for the Tasmania Gambling Support Bureau, June 2006

²¹ Young, M., Abu-Duhou, I., Barnes, T., Creed, E., Morris, M., Stevens, M. & Tyler, B (2006) Northern Territory Gambling Prevalence Survey 2005, Charles Darwin University, October 2006

²² South Australian Department for Families and Communities (2006) Gambling Prevalence in South Australia: October to December 2005, June 2006

4 Impacts of gambling

4.1 Profile surveys, changes in incidence and prevalence

The NSW Government has funded research into the impact of gambling in the community. The research commissioned by the RGF is undertaken to better inform the development and implementation of responsible gambling and related policy (refer to section 6.5, Research for more information).

Two comprehensive reports into the socio-economic costs and benefits of gambling in NSW by the Australian Institute for Gambling Research (AIGR) at the University of Western Sydney in January 1996,²³ and the update in June 1998,²⁴ provided an evidence base to introduce new measures in 1999 to minimise the harm associated with problem gambling, and to promote the responsible conduct of gambling. The *Gambling Legislation Amendment (Responsible Gambling) Act 1999* (NSW), which implemented an extensive harm minimisation regime for the gambling sector in New South Wales, drew heavily on this research.

The National Institute of Economic and Industry Research t/a National Economics (2003) undertook research into the economic impact of gambling.²⁵ This report assessed a wide range of direct and indirect effects and patterns of gambling expenditure within NSW. It identified the impacts of gambling by considering the net income effects of the activities undertaken as a result of gambling, the benefits, the activities forgone and the costs incurred by the gambling expenditure. It also included geographic patterns of the impact on the economies of NSW Local Government Areas.

The research reports and others may be found at:
http://www.olgr.nsw.gov.au/gaming_research_year.asp.

The 2008 IPART report *Review of the Registered Club Industry in NSW* also provides information about the economic impact of gambling. Refer to section 2.2.2, *Registered clubs sector*, for more information.

The 2006 NSW prevalence study identified problem gambling issues and impacts (including personal experience and perceptions relating to problem gambling, help-seeking behaviour, interpersonal relationships and problem gambling, and expenditure impacts of problem gambling); and comparison profiles of gambling groups.

For more information on the NSW 2006 prevalence study refer to section 3.2.

The gambling industry in New South Wales provides a range of services and facilities to their communities: sports and fitness facilities, drinking and dining amenities, meeting rooms and activities for special interest groups, and entertainment. There are tangible or intangible benefits. The industry makes significant contributions to employment, government revenue, and local communities.

Gambling has been a socially acceptable and enjoyable activity for many years in NSW. However, while most people who gamble do so in a responsible manner, for some it is a cause of problems. These problems can manifest as: financial (indebtedness, bankruptcy, asset loss); social (family, friends and workplace relationship breakdown, domestic violence);

²³ Dickerson, M., Allcock, C., Blaszczyński, A., Nicolls, B., Williams, J., & Maddern, R., Study 2 - An Examination of the Socio-economic Effects of Gambling on Individuals, Families and the Community, including Research into the Costs of Problem Gambling in NSW, Australian Institute for Gambling Research, University of Western Sydney, Macarthur (1996)

²⁴ An Examination of the Socio-Economic Effects of Gambling on Individuals, Families and the Community, including Research into the Costs of Problem Gambling (Study 2 Update), Australian Institute for Gambling Research, (1998)

²⁵ Economic Impact of Gambling, National Institute of Economic and Industry Research t/a National Economics (2003). A copy of that Report can be found on the OLGR website at: http://www.olgr.nsw.gov.au/rr_eig.asp

health (smoking, drug, alcohol, and depression and stress); and crime (theft, fraud, forgery and embezzlement).

4.2 Framework on problem gambling

To address the negative impacts of gambling much of the work in NSW Government is performed within the context of the *National Framework on Problem Gambling 2004-2008*. The national framework is a joint initiative of the Australian, State and Territory governments and was formally endorsed by the Ministerial Council on Gambling on 2 July 2004. It aims to minimise the negative consequences of problem gambling to the individual, their family and the community through a national approach.

The four key focus areas and objectives of the framework are as follows:

- Public awareness, education and training

Objective: To promote a greater understanding of the nature of the gambling product, the potential for harm and the availability of help and support.

For more information refer to section 7.3, *Public awareness, education and training*.

- Responsible gambling environments

Objective: To minimise the likelihood of recreational gamblers developing problem gambling behaviours.

For more information refer to section 5.2, *Regulatory arrangements and policy setting*.

- Intervention, counselling and support services

Objective: To enhance problem gambling support and treatment services that are effective, accessible and culturally appropriate.

For more information refer to section 7.4, *Intervention, counselling and support services*.

- National research and data collection

Objective: To inform the implementation and further development of the national framework and its strategies.

For more information refer to section 6.5, *Research* and section 7.4.5, *Research and data collection – the outcomes*.

4.3 Impact of new and emerging technology

New gaming technology offers challenges to existing consumer protection measures, but can also offer opportunities for innovative approaches to consumer protection.

Research into gambling and the impacts of new and emerging technologies has been commissioned by Gambling Research Australia and is due to be completed in 2011 (refer to <http://www.gamblingresearch.org.au>).

The research will assess the impact of new gaming technology and products on various demographic groups and problem gambling. It is the view of the NSW Government that the adoption of any gaming technology should be assessed, on a case-by-case, to determine if its adoption is consistent with its harm minimisation, responsible and industry integrity goals.

5 Taxation and regulatory arrangements

This section responds to a number of matters relating to taxation and regulatory arrangements of jurisdictions raised in the Productivity Commission's Issues Paper.

5.1 Taxation arrangements

Table 10 below shows the amount of revenue that each State and Territory has collected from gambling between 2000/01 and 2006/07. It also shows gambling revenue as a percentage of taxation revenue and total government revenue. From this table it can be seen that gambling does not provide governments with a substantial portion of their revenue from taxation or in total.

Table 10: Revenue from gambling by jurisdiction

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
2000-01								
Taxation	1,213	1,276	522	293	121	60	40	43
% of tax revenue	9.1	14.9	12.3	13.3	4.2	10.9	18.6	6.7
% of total revenue	3.6	5.3	2.9	3.6	1.1	2.2	1.8	2.1
2001-02								
Taxation	1,209	1,370	569	312	113	67	28	43
% of tax revenue	9.1	15.5	11.8	14.2	3.8	12.7	12.6	7.4
% of total revenue	3.4	5.4	3.0	3.6	1.0	2.3	1.2	2.0
2002-03								
Taxation	1,262	1,326	640	340	119	73	38	45
% of tax revenue	8.9	14.2	11.4	14.0	3.5	12.9	15.4	6.6
% of total revenue	3.3	4.9	3.2	3.6	1.0	2.4	1.6	1.9
2003-04								
Taxation	1,311	1,324	726	380	132	78	40	50
% of tax revenue	8.7	13.1	10.9	13.5	3.2	12.4	15.2	6.6
% of total revenue	3.3	4.6	2.9	3.8	1.0	2.4	1.5	2.1
2004-05								
Taxation	1,429	1,369	806	399	134	81	47	48
% of tax revenue	9.3	13.1	11.6	13.6	3.1	11.8	15.6	6.7
% of total revenue	3.5	4.6	2.9	3.8	0.9	2.4	1.7	2.0
2005-06								
Taxation	1,520	1,460	841	400	146	79	57	47
% of tax revenue	9.5	13.4	11.4	13.4	2.8	11.1	15.1	6.0
% of total revenue	3.5	4.6	2.8	3.5	0.9	2.2	1.9	1.7
2006-07								
Taxation	1,653	1,508	825	422	164	86	65	48
% of tax revenue	9.3	12.9	9.7	13.0	2.9	11.5	17.7	5.2
% of total revenue	3.5	4.3	2.6	3.6	0.9	2.3	2.0	1.7
2007-08								

Taxation	1,576	1595	889	415	162	90	71	52
% of tax revenue	8.5	12.4	9.3	11.6	2.6	10.8	18.0	5.0
% of total revenue	3.2	4.3	2.8	3.2	0.8	2.3	1.8	1.5

Source: ABS Cat. - 5506.0 Taxation Revenue, Australia and ABS Cat. 5512.0 Government Finance Statistics, Australia.

The main changes to NSW gambling tax rates and arrangements since 1999 are:

- Following the introduction of the GST from 1 July 2000, states and territories were required to adjust their gambling taxes to take account of the impact of the GST on gambling operations. Changes made to the tax rates in NSW effective from 1 July 2000 following the introduction of the GST are presented in Attachment A: NSW taxation measures introduced since the 1999-2000 Budget.
- From 1 September 2001, the basis of taxation for NSW Lotteries taxation changed from a licence duty plus a general duty on subscriptions to a tax on player loss. Changes to the basis of taxation resulted in a new effective tax rate of 66.1 per cent of player loss. The change simplified the taxation of NSW Lotteries products and makes Lotteries taxation consistent with the taxation of all other major gambling operators.
- From 31 March 2002, bookmakers' turnover tax was abolished. The abolition of this tax is consistent with other states, which have also abolished the tax.
- In the 2003-04 Budget, changes to the tax rates for clubs and hotels were introduced, commencing from 1 September 2004 for clubs and 1 July 2004 for hotels. Details of the tax rates for clubs and hotels announced in the 2003-04 Budget are presented in Attachment B: 2003-04 Budget Annual Club and Hotel Gaming Duty Rates.
- From 1 September 2006, the gaming tax arrangements for clubs introduced in the 2003-04 Budget were further amended. The tax rates announced in the 2006-07 Budget are reflected in Attachment C: Current Annual Club Gaming Duty Rates.
- From 11 September 2007, Keno was extended into hotels, whereas previously it was only allowed in registered clubs and the casino. The marginal tax rates for Keno are 8.91 per cent and 14.91 per cent (for clubs, casino and the hotels). The higher marginal tax rate of 14.91 per cent applies above annual player loss of \$33.7 million for hotels. The lower threshold for hotels (compared to a threshold of \$86.5 million for clubs and casino) was set at a level commensurate with that for clubs taking into account the anticipated relative size of the game.
- From 1 July 2008, a single rate scale for both table games and electronic gaming machines in the Casino was introduced. The new base rate is 13.04 per cent in 2008-09, rising to 16.41 per cent from 2012-13. The new maximum marginal rate is 38.04 per cent in 2008-09, rising to 38.91 per cent from 2009-10. The agreement also provided for a \$100 million exclusivity payment.

A number of factors have had an impact on the amount of gambling tax revenue collected in NSW since the introduction of the GST. These factors include:

- impact of smoking bans;
- general economic downturn and its effect on household disposable income;
- one-off impact of equine influenza on racing revenue in the second half of 2007;
- changes to gambling tax arrangements, especially for club gaming revenue in 2003-04 and 2006-07; and
- regulatory changes on the number of gaming machine entitlements, hotel permits, trading rights etc. which impact on the amount of gaming machine revenue collected.

Since the introduction of the GST, tax revenue from stamp duties, especially transfer duty revenue, has increased substantially, due to favourable economic conditions. However data in Table 10 indicates that gambling as a share of tax revenue and total revenue in NSW has remained relatively consistent since the introduction of the GST.

Each state and territory has the discretion to make changes to gambling tax rates, thresholds or other arrangements as they see fit. Each jurisdiction taxes different forms of gambling products at different rates. Current tax rates for each gambling product are outlined in the NSW publication, *Interstate Comparison of Taxes, 2007-08*.²⁶

5.2 Regulatory arrangements and policy setting

The legal framework for gambling in NSW establishes the boundary for lawful gambling and then regulates specific aspects of gambling: gaming machines, public lotteries, the Star City Casino, horse, harness and greyhound racing, and sports betting.

While the main aims of the regulatory framework are harm minimisation and responsible gambling, regulation is not intended to impede innovation or the introduction of new technologies by industry.

5.2.1 Policy setting practices

Gambling policy, planning and development advice is provided to the NSW Minister for Gaming and Racing by the OLGR. This approach is consistent with the recommendations of the 2004 IPART report *Gambling: Promoting a culture of responsibility*.²⁷ The main exception to this is taxation arrangements, which are administered by the Treasurer.

The policy planning and development framework includes awareness, education and training; responsible gambling environments; intervention, counselling and support services, and research and data collection.

This is aimed at promoting a culture of responsibility in gambling, promoting informed choice for the community, improving measures to protect gamblers, and providing more effective and efficient counselling services.

The trustees of the RGF are also part of the policy development process. Section 7.2 describes the form and function of the RGF in detail.

5.2.2 Cross jurisdictional policy setting

Cross jurisdictional policy consideration is undertaken through:

- the Ministerial Council of Gambling (MCG) and the MCG Officials Working Group, in which various working groups that exist from time to time, currently the:
 - access to cash and pre-commitment working group;
 - responsible gambling environments working group; and
 - electronic gaming machine consumer protection working group;
- Gambling Research Australia (an initiative of the Ministerial Council on Gambling) which consults with the Regulators Responsible Gambling Working Party and the Community and Disability Services Ministers Advisory Conference Gambling Working Party, to broaden the research agenda;
- Australasian Casino and Gaming Regulators CEOs meetings and its various working parties including:

²⁶ NSW Treasury, (2007), *Interstate Comparison of Taxes 2007-08*, NSW Treasury, November

²⁷ A copy of IPART's reports into gambling harm minimisation measures and the Government's response may be obtained from: http://www.olgr.nsw.gov.au/gaming_info_ipart.asp

- Gaming Machine National Standards Working Party;
- National Assessment Panel for the Accreditation of Testing Facilities;
- Regulators’ Responsible Gambling Working Party;
- National Probity Working Party;
- Wagering Regulators’ Working Party; and
- Lottery Regulators’ Working Party.

There are significant differences across jurisdictions in how the various gambling sectors are regulated.

The driver for consistency in the area of responsible gambling environments is the potential consumer benefit that consistency raises overall national harm minimisation standards or practices or achieves best practice. This compares to initiatives to provide for regulatory consistency and/or harmonisation which is an answer to the significant costs faced by businesses. This is not such an issue in relation to regulating gambling venues as few operators, for example of clubs and hotels, also have interests in gaming operations interstate.

5.2.3 The Casino, Liquor and Gaming Control Authority (CLGCA)

The Casino, Liquor and Gaming Control Authority (CLGCA) is constituted by the *Casino, Liquor and Gaming Control Authority Act 2007* (NSW). The CLGCA is responsible for performing casino, liquor and gaming machine regulatory and other decision-making functions on behalf of the Government. It also has similar responsibilities for registered clubs. The CLGCA assumed these roles from the Casino Control Authority, Licensing Court of NSW and Liquor Administration Board on 1 July 2008.

Under the *Liquor Act 2007* (NSW), *Gaming Machines Act 2001* (NSW), *Registered Clubs Act 1976* (NSW) and related legislation, regulatory functions are shared between the CLGCA and the Director of Liquor and Gaming of the OLGR. The CLGCA is, however, solely responsible for the regulation of gaming and liquor matters at Star City casino, including licensing and enforcement.

The CLGCA is not subject to the direction or control of the Minister, except to the extent specifically provided for in the gaming and liquor legislation.

Under section 205 of the *Gaming Machines Act 2001* (NSW), the Minister may, after consultation with the CLGCA, give directions and furnish guidelines to the CLGCA as to how the CLGCA is to exercise its functions in relation to the following:

- classifying local government areas for the purposes of gaming machine threshold scheme;
- approving local impact assessments;
- determining whether an area of land is a new development area; and
- declaring poker machines or devices as approved gaming machines.

The Minister can also issue guidelines under section 40 to the CLGCA in relation to matters to be considered in respect of an application for approval of 3-hour shutdown period on gaming machines on weekends and public holidays.

5.2.4 Unlawful Gambling Act

In NSW the *Unlawful Gambling Act 1998* (NSW) establishes lawful forms of gambling and regulates matters such as card games (by defining an “unlawful game”), prohibited gaming

devices, unlawful wagering and bookmaking, gambling with minors and declared gambling premises.

5.2.5 Gaming machines legislation

In NSW the *Gaming Machines Act 2001* (NSW) allows for lawful keeping and operation of gaming machines in registered clubs and hotels. The legislation consolidated provisions relating to gaming machines that were contained in the liquor and registered club laws. It also married together many measures the NSW Government had initiated in the gaming machine area since 1995, and introduced a new range of measures. The Act has been further amended on several occasions since then to strengthen the harm minimisation measures it contains.

A primary object of this Act when first enacted, was gambling harm minimisation, specifically:

- the minimisation of harm associated with the misuse and abuse of gambling activities involving approved gaming machines in hotels and registered clubs; and
- the fostering of responsible conduct in relation to the keeping and operation of approved gaming machines in hotels and registered clubs.

Changes to the Act which commenced earlier in 2009 have expanded its objectives to include:

- ensuring the integrity of the gaming industry; and
- providing for an on-going reduction in the number of gaming machines in the State by means of the tradeable poker machine entitlement scheme.

The Act is supported by the *Gaming Machines Regulation 2002* (NSW).

These harm minimisation and responsible gambling initiatives in the NSW *Gaming Machine Act 2001* and Regulation include:

- gaming machine caps and the Poker Machine Entitlement (PME) transfer scheme;
- local Impact Assessment process (formerly Social Impact Assessment);
- ban on 24-hour trading - 6-hour general shut-down period;
- advertising restrictions and location of gaming machines;
- promotions and inducements;
- prize restrictions;
- ATM restrictions;
- prize winning cheques;
- cashing of cheques;
- cap on Multi-Terminal Gaming Machines (MTGMs);
- gaming machines in shopping centres;
- counselling;
- self exclusion scheme; and
- player information and signage.

5.2.5.1 *Gaming machine caps and the PME transfer scheme*

The 'state cap' on gaming machines in hotels and clubs was introduced under the *Gaming Machines Act 2001* (NSW). Originally set at 104,000 Poker Machine Entitlements (PMEs), it was reduced in December 2008 to 99,000. This reduction reflects the impact of PME trading scheme in reducing the number of gaming machines in NSW.

A PME is in effect a 'licence' to install an approved gaming machine. This scheme was established to provide a mechanism for the on-going reduction in the number of poker machines in NSW. The reduction is achieved by via the forfeiture of a PME with each 'block' of 2 or 3 PMEs traded between hotels or clubs.

The maximum number of machines that can be installed in any one hotel is 30. The cap on the number of machines in clubs – originally set at 450 – has been lifted to remove a barrier to club amalgamations and to encourage the trading of PMEs. Because of the forfeiture requirements under the trading scheme, an increase in the number of PME trades increases the rate at which the total number of PMEs is reduced.

While capping the number of gaming machines may not affect the behaviour of the determined problem gambler, restricting the number of machines, and therefore their accessibility, is a strategy for dealing with those at risk of becoming problem gamblers. If access to gaming machines is made more difficult then the probability that those individuals at risk, who may still be somewhat ambivalent about playing gaming machines, will develop problem gambling behaviour such as regular play, is reduced.

5.2.5.2 *Local Impact Assessment (LIA) process*

The policy objective of the Social Impact Assessment (SIA) introduced in 2001 was to prevent gaming machines being moved into areas of the community where there may be potential for them to cause harm to people who have trouble controlling their gambling. The assessment process for applications for more machines considered, among other things, the extent of appropriate controls to ensure responsible gambling at the venue.

There were two levels of SIA, Class 1 and Class 2. A Class 2 SIA was required where the venue was located in a sensitive area. Experience showed that the Class 2 process was very complicated and lengthy, at least one assessment exceeded 1,000 pages. Assessing Class 2 applications also proved to be a lengthy process, taking up to six months, excluding the time taken by the applicant to provide follow-up information.

The new LIA process, which commenced in January 2009, replaces the previous SIA arrangements. While the Class 1 and 2 approaches have been retained, the new LIA arrangements represent a significant reduction in red tape.

They do not however, reduce the level of rigour when assessing applications for increases in gaming machine numbers in sensitive areas. Development of the LIA policy was informed by the 2006 NSW prevalence study, the five-year statutory review of the *Gaming Machines Act 2001* (NSW), and the IPART report.

As a result, under the LIA process, it will be very difficult for venues in local government areas with a high density of gaming machines, high gaming machine expenditure and a low socio-economic disadvantage score under the Australian Bureau of Statistics' (ABS) Socio-Economic Indexes for Area (SEIFA), to obtain more gaming machines.

Guidance material for industry and applicants on the LIA process, has been placed on OLGR website: http://www.olgr.nsw.gov.au/gaming_lia.asp and http://www.olgr.nsw.gov.au/gaming_fact_sheets.asp.

5.2.5.3 *Ban on 24-hour trading - 6-hour general shut-down period*

In April 2002 a requirement for all hotels and clubs to shut down their gaming machines for a mandatory three hours was introduced. In May 2003, the shutdown period was extended to six hours, from 4am to 10am.

Venues can apply for a reduction in the six-hour shutdown period for several reasons, including on the grounds of financial hardship, or an early opening venue opens before 10am.

No venue is exempt from the requirement to shut down its gaming machines for a period of time. Those granted a variation to the normal shutdown period must still turn off machines for at least three hours a day.

The intention of this harm minimisation policy is to limit the opportunity for continuous gaming machine play. It supports agencies and problem gamblers to fulfil an individual and public health harm minimisation role.

In December 2008, an independent report on the *Evaluation of the 6-hour shutdown of electronic gaming machines* was published on the OLGR website, at www.olgr.nsw.gov.au/rr_6_hour_shutdown.asp.

The report, prepared by Blue Moon Research And Planning Pty Ltd, indicates that there is no compelling evidence supporting a change in the current arrangements. The research found that the shutdown period was effective in reaching those problem gamblers playing before the commencement of the shutdown period, that it achieves a break in play and encourages the majority of problem and moderate risk gamblers to go home.

5.2.5.4 *Advertising restrictions and location of gaming machines*

Current NSW legislation generally prohibits the advertising or promotion of gaming machines.

While some narrowly confined exceptions allow for mostly incidental or conventional business-to-business, media or educational communications about gaming machines to take place, none affects the integrity of the core prohibition on gaming machine venues or other organisations promoting gaming machines to the public as a potential pastime or source of financial gain.

The policy objectives of these provisions is to limit 'at risk' gamblers' awareness of the availability of gaming machines. The intent of any advertising is to encourage consumers to 'purchase/use' the product by raising their awareness of the product. In this case the product is gaming machines.

The NSW Director of Liquor and Gaming also has the discretion to direct venues to move or screen gaming machines. This provision is intended to prevent venues locating their gaming machines so as to subvert the prohibition on the external advertising of gaming facilities.

Advertisements for products other than gaming machines, while permitted, are subject to various controls. For example, advertisements for wagering, lotteries and the Sydney casino must not transgress community standards, encourage a breach of the law, or depict children, while those for wagering products and the casino must not promote the consumption of alcohol while gambling. Relevant legislation also limits the portrayal of the outcomes of gambling, and requires that advertisements for wagering, lotteries and the casino contain reference to the G-line (NSW) service.

5.2.5.5 Promotions and inducements restrictions

Gaming machine venues are prohibited from offering free or discounted liquor, or free credits, as inducements for people to play gaming machines. Action may also be taken against individual promotions or inducements offered by a club or hotel that offend general responsible gambling practices, with a general prohibition on venues engaging in conduct that has encouraged, or is likely to encourage, the misuse and abuse of gambling activities in the hotel or club.

5.2.5.6 Prize restrictions

There are restrictions on the value and nature of prizes and bonuses that can be offered to market gaming machines. These apply to all promotional, reward, loyalty or bonus schemes.

There is a prohibition preventing any promotional or loyalty prizes by cash and prizes being exchanged for cash. The limit of the value of a prize is \$1,000. Bonus points cannot be converted to cash.

5.2.5.7 ATM restrictions

There is a general prohibition on the location of Automatic Teller Machine (ATM) facilities within the gaming machine areas of registered clubs and hotels and within the boundary of the Sydney casino.

Prohibiting the placement of ATMs in gaming areas is intended to force players who have run out of credits to leave their gaming machine. This gives the individual the opportunity to reflect on whether they want to continue playing.

The additional prohibition on cash dispensing facilities, such as ATMs and EFTPOS, from providing cash from a credit account which came into effect in January 2009, is intended to deny individuals with a tendency to gamble access to money that they do not have, or cannot afford to repay. Preventing access to credit for gambling purposes is seen as a key strategy to limit the impact of problem gambling.

These recent changes have also clarified that ATMs and EFTPOS facilities in gaming venues cannot dispense cash from credit card transactions.

The NSW 2006 prevalence study revealed, “seventeen per cent of gamblers who played pokies/gaming machines indicated they had withdrawn money from an ATM at a venue to play the machines, with problem gamblers significantly more likely to use ATM withdrawals to gamble”. The problem gambling group were nearly nine times as likely to use ATMs to withdraw money for gambling compared with pokies/gaming machine players overall (62 per cent versus 7 per cent).

However to respond to this indicator by recommending a complete ban on ATMs in gaming venues may not represent an appropriate policy response, given that research findings are inconclusive and ambiguous about the full effect of such a measure. This is primarily because self-reporting data is the most common source of evidence and little work has been conducted on the impact and effect of such a measure. *Gambling Prevalence in South Australia Report (2005)*²⁸ also indicates that problem and at-risk gamblers can engage in various means to circumvent a complete ban, such as leaving the venue to access an ATM nearby, or withdrawing cash from a number of external ATMs across various locations to obtain a cumulative amount of cash for gambling purposes.

NSW, through the RGF, is currently undertaking research to assess the effectiveness of limits on note acceptors and ATM withdrawals in minimising or preventing gambling-related

²⁸ Population Research and Outcome Studies Unit of the South Australian Department of Health, *Gambling Prevalence in South Australia report (2005)*, Dept. for Families and Communities

harm, both as stand-alone measures and in conjunction with changes to the proximity of ATMs to gaming machines. The research also aims to determine an appropriate minimum distance between ATMs and gaming machines in registered clubs, hotels and the casino. This will include determining the impact of removing ATMs completely from these venues. It is expected that the results of the research will be useful to the development of responsible gambling and related policy.

It should be noted that the research is not considering EFTPOS transactions, and these will remain permissible to be provided in gaming venues. NSW considers that the use of EFTPOS in these venues can facilitate harm minimisation measures for problem gamblers. The face-to-face contact involved in an EFTPOS transaction may yield a harm minimisation outcome and a ban would remove the opportunity for human-to-human intervention. This is also based on available research.²⁹ The impact of having to access money via EFTPOS through a cashier was tested in a Victorian gaming machine player study. The results indicated a small impact on non-problem gamblers but a larger impact on the higher risk groups who reported that this would decrease their spending.

5.2.5.8 Prize winning cheques

In NSW, where the total prize money payable to a person exceeds \$2,000, the gaming venue must pay the amount that exceeds \$2,000 by cheque payable to the person, or by means of electronic transfer of funds to an account nominated by the prize winner. The prize winner can also ask for the total amount to be paid in a similar manner.

The cheque must be clearly identified as a prize winning cheque by the inclusion of the following “Prize winning cheque – cashing rules apply”. This is supported by other legislative provisions relating to the cashing of cheques in gaming venues including that the cheque must be made payable to venue, limit of \$400 and only one transaction per day noted immediately below.

The policy objective of these provisions is two-fold. First, they are intended as a security measure for patrons to ensure they are not forced to carry large amounts of cash winnings when they leave a gaming venue. Patrons carrying large amounts of cash are at greater risk of being robbed when leaving a venue.

Secondly, they are intended as a harm minimisation measure. If patrons cannot cash a prize winning cheque at, or near, a gambling venue, the risk that they will gamble away those winnings is reduced. As it can be difficult to determine the true status of a cheque, the specific identification of prize winning cheques is intended as a further protection for players.

5.2.5.9 Cashing of cheques

Gaming venues cannot exchange a cheque for cash unless the cheque is made payable to the venue. A restriction of one transaction per day for no more than \$400 is in place. These provisions also stop a third party cheque being endorsed by payee to gaming venue, that is, a third party cheque from the Australian Taxation Office, Medibank, etc cannot be endorsed by the payee to a gaming venue.

5.2.5.10 Cap on Multi-Terminal Gaming Machines (MTGMs)

A Multi-Terminal Gaming Machine (MTGM) is an approved gaming machine that is designed to be played by more than one player at one time, and is equipped with more than one player terminal. They are permitted only in registered clubs and the Sydney casino; and are not authorised for use in hotels.

²⁹ Unpublished report commissioned by the Victorian Department of Justice, 2009

An analysis of the gaming data collected by the OLGR as at September 2007 revealed that some clubs with MTGMs derive a substantial proportion of their gaming revenue from the MTGMs installed. Given the casino-game style of these machines, the maximum \$100 bet and the potential for \$500,000 prizes to be awarded, there is a risk of clubs with MTGMs becoming virtual casinos. Concerns about the potential harmful impact MTGMs could have on problem gamblers lead to the introduction in January 2009 of a 15 per cent cap on the number of MTGMs a club may operate on its premises.

5.2.5.11 Gaming machines in shopping centres

Generally, no new hotel or club venue that establishes in, or adjoining, a retail shopping centre may operate gaming machines, and those that operated in such locations before the commencement of the legislation (2001) may not increase their gaming machine numbers.

The primary intention of these provisions is to restrict access to gaming machines in areas where people spend their 'non-discretionary' money (ie on groceries etc). This reduces the harm that can be associated with gambling by reducing the opportunities for gamblers to be tempted to spend money on gambling that was otherwise designated for food and other essentials.

There are some limited exceptions to the prohibitions, including:

- for small-scale shopping centres, with less than 40 shops; and
- where patrons will not be able to gain access to the club's premises directly from the retail shopping centre.

5.2.5.12 Counselling

The problem gambling counselling provisions in the gaming machines and casino control legislation were introduced as a general harm minimisation strategy. Counselling is intended to prevent 'at risk' gamblers becoming problem gamblers and to mitigate the impact of problem gambling on problem gamblers who do attend counselling. Counsellors have access to financial advisor services so they can help problem gamblers manage their money to lessen the impact of their gambling.

Further information about counselling services may be found at http://www.olgr.nsw.gov.au/gaming_rcg_counselling.asp.

5.2.5.13 Self exclusion scheme

Self exclusion schemes in NSW registered clubs, hotels and the Sydney casino allow people concerned about their gambling to enter into a formal arrangement not to enter the venue, or part of the venue, for a specified period.

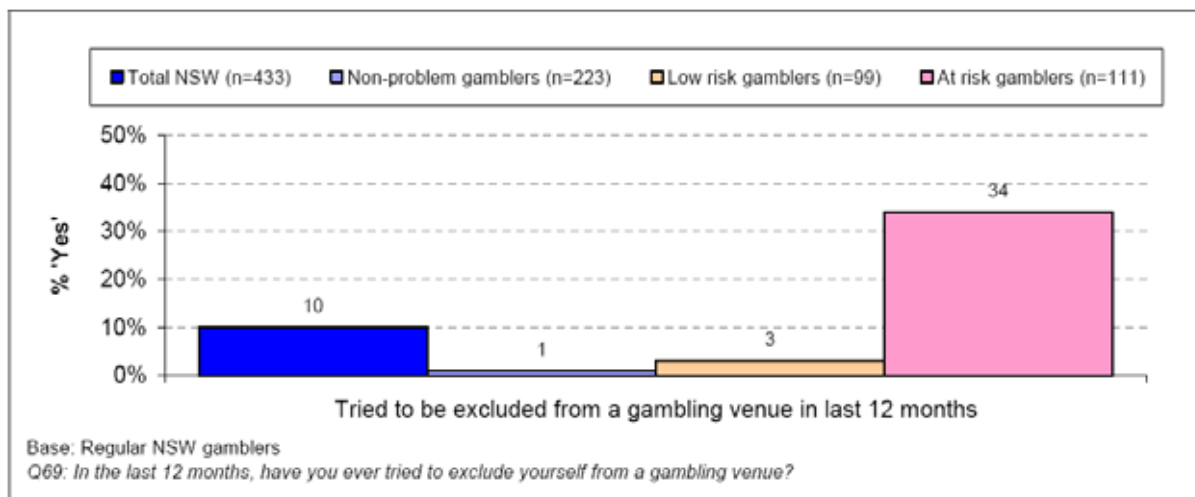
NSW gaming venues are required to establish and operate self exclusion schemes, the casino since its launch in 1995 and hotels and registered clubs since 2002. Registered clubs and hotels are also required to enter into arrangements with a recognised problem gambling counselling service provider to make those counselling services available to patrons of those venues. The Sydney casino similarly is required to enter into arrangements for problem gambling counselling services to be made available to patrons of the casino. All venues are also required to display signage alerting patrons to these arrangements.

A penalty of up to \$11,000 applies for venues that do not meet the self exclusion scheme requirements.

The 2006 NSW prevalence study found that 'at risk' gamblers (moderate/problem) (34%), and particularly problem gamblers (61%), are most likely among the gambling groups to take

self exclusion action to assist themselves with their gambling problems (refer Figure 5 below).

Figure 5: Proportion of regular gamblers who tried to self-exclude from gambling in last 12 months, by gambling groups



Source: *Prevalence of Gambling and Problem Gambling in NSW – A Community Survey 2006* by ACNielsen

As a result of the review of the Act in 2007, changes have been made to the self exclusion scheme. More flexibility has been added to the system by removing the requirement that schemes must be approved by the Minister. They must still, however, meet the minimum requirements for a self exclusion scheme set out in the legislation. The OLGR website provides a model self exclusion scheme deed for use by scheme providers. (Refer http://www.olgr.nsw.gov.au/pdfs/Model_Deed_Self-Exclusion_Form.doc.)

During 2009, a working group will be re-established to develop strategies for improving self-exclusion arrangements such as:

- multi-venue self-exclusions; and
- management issues including the collection of uniform data on self-exclusion to assess the effectiveness of schemes and venues taking photographs of self-exclusion applicants.

Further information about the NSW self exclusion scheme may be found at http://www.olgr.nsw.gov.au/gaming_hfpg_self_exclusion.asp and the following information sheet: http://www.olgr.nsw.gov.au/pdfs/G_FS_SESHRC.pdf.

5.2.5.14 Player information and signage

The rationale for changes to the requirements for gambling-related signage and the provision of information for players is discussed in section 7.3.1. and section 7.3.4.

Requiring the placement of warning signs and notices in gaming venues is intended, largely, to ensure patrons are adequately informed of the risks and to encourage ‘at risk’ gamblers to consider their actions. It is recognised that such signage will have little or no impact on patrons with a chronic gambling problem. They are not the target of this information.

5.2.6 Public lotteries

In NSW public lotteries, which includes NSW Lotteries’ products and Keno, are regulated by the *Public Lotteries Act 1996* (NSW) and the *Lotteries and Art Unions Act 1901* (NSW).

While lottery products are not seen by many as a significant issue in relation to problem gambling, that is relative to gaming machines, the casino, and wagering, the legislation nonetheless contains harm minimisation provisions such as:

- a prohibition on the purchase of lottery products using credit accounts;
- a prohibition on the sale of lottery products to minors;
- ministerial approval of game rules and changes to game rules;
- a requirement for agents and the licence holder to provide player information brochures; and
- penalties for misleading or deceptive advertising of lottery products.

The legislation also provides protection for consumers by ensuring the general integrity and fairness of lottery activities.

5.2.7 The casino

The only casino in NSW, “Star City” is regulated by the *Casino Control Act 1992* (NSW). The legislation limits the State to one casino only and the one casino policy was confirmed by the NSW Government in October 2007.

In 2001 the Act was amended to require all persons having functions under this Act, when exercising those functions, to have due regard to the primary objects of the Act which include:

- ensuring that the management and operation of a casino remain free from criminal influence or exploitation;
- ensuring that gaming in a casino is conducted honestly; and
- containing and controlling the potential of a casino to cause harm to the public interest and to individuals and families.

In addition to provisions to ensure the integrity of casino operations in NSW, the legislation also contains harm minimisation and responsible gambling provisions. These provisions include:

- a limit of 1,500 gaming machines;
- a prohibition on providing credit to gamble;
- a ban on ATMs in the casino;
- a ban on advertising gaming machines;
- a requirement for cheques for prizes over \$1,000;
- a requirement for the casino operator to provide player information brochures and display gambling warning signs;
- a requirement on the casino operator to display notices on the chances of winning a major prize on gaming machines;
- a requirement to provide problem gambling counselling services; and
- a requirement to provide a self exclusion scheme.

Section 31 of the Act requires the CLGCA to undertake a formal review of the casino operator’s licence every 3 years. The CLGCA is assisted by legal counsel in this process. Both the 2003 and 2006 section 31 reviews acknowledged that Star City has operated in a responsible manner consistent with the objectives of the Act. The CLGCA has also put in place mechanisms to monitor section 31-related issues between the statutory reviews. This

ensures that the review process is continuous and the statutory reviews do not encounter unexpected issues.

5.2.8 Wagering

Wagering in NSW is regulated by the following legislation:

- *Racing Administration Act 1998* (NSW);
- *Totalizator Act 1997* (NSW); and
- *Unlawful Gambling Act 1998* (NSW)

As noted earlier, the OLGR is responsible for government policy on racing, wagering and associated legislation. Its activities also include approving, inspecting and evaluating totalizator systems and overseeing bookmaker operations. An inspection program enables monitoring of bookmaker and totalizator wagering to ensure the integrity of wagering and adherence to responsible practices. This program aims to protect the interests of the wagering public as well as the racing industry and the Government's revenue.

5.2.8.1 Thoroughbred racing

The conduct of thoroughbred racing in NSW is overseen by *Racing NSW* which is an autonomous body established under the *Thoroughbred Racing Act 1996* (NSW). Racing NSW's commercial and regulatory functions include:

- the distribution of TAB funding to thoroughbred racing clubs;
- the licensing of participants and bookmakers; and
- the control of all stewarding aspects.

The Racing NSW Board consists of five members appointed by the Minister (on the recommendation of a selection panel) and a non-voting Chief Executive.

5.2.8.2 Greyhound and harness racing

The Greyhound and Harness Racing Regulatory Authority (GHRRA) was established by the *Greyhound and Harness Racing Administration Act 2004* (NSW) as a statutory authority which represents the Crown, and is subject to Ministerial direction except on matters relating to disciplinary inquiries and the Rules of Racing.

In October 2004, the GHRRA replaced the former Greyhound Racing Authority and Harness Racing Authority. The principal purpose of the GHRRA is to ensure that greyhound and harness racing is conducted with the utmost integrity, in accordance with community expectations.

Accordingly, the GHRRA has responsibility for the control and regulation of greyhound and harness racing through, for example:

- the Rules of Greyhound and Harness Racing;
- the enforcement of those Rules by way of supervision of race meetings by Stewards;
- appropriate drug testing and detection measures;
- the grading of greyhounds and handicapping of harness horses;
- the licensing/registration of industry participants (eg bookmakers, trainers, drivers); and
- the registration of racing animals.

In February 2009, the Government announced that the GHRRA is to be abolished with its functions transferred to Harness Racing NSW and Greyhound Racing NSW. Bills to this

effect are currently before the NSW Parliament, and the new regime is expected to come into operation in July 2009.

5.2.8.3 Sports betting

Sports betting is regulated by the *Racing Administration Act 1998* (NSW) and the *Totalizator Act 1997* (NSW). The range of sporting events upon which TAB Limited and licensed bookmakers are permitted to offer betting is determined by the Minister for Gaming and Racing under section 18 of the *Racing Administration Act 1998* (NSW). Under section 20, the Minister determines the bet types which bookmakers and the TAB may offer on each sport.

With respect to sports betting TAB Limited and bookmakers operate under separate, but almost identical, sets of Rules. Under the Rules, betting disputes involving either category of wagering operator are referred to a Sports Betting Disputes Panel comprising stewards of the three codes of racing.

5.2.8.4 Wagering harm minimisation measures

Under the *Racing Administration Regulation 2005* the following gambling harm minimisation measures have been put in place:

- copies of at least one type of problem gambling information brochure (including in a range of community languages) approved by the Minister must be made available in each part of the racecourse on which wagering is conducted;
- a licensed bookmaker must ensure that each betting ticket supplied by the bookmaker to a person contains the following,

“Is gambling a problem for you?
CALL G-line (NSW)
counselling service
1800 633 635”

- a notice that contains the same information as that required for betting tickets is placed in the vicinity of the main entrance to the racecourse and in each part of the racecourse on which betting is conducted;
- a non-proprietary association that conducts a race meeting at a licensed racecourse must display a notice that contains the same information as that required for betting tickets is placed in a prominent position on or adjacent to each automatic teller machine (ATM) and electronic funds transfer facility (EFT) located at the racecourse;
- a non-proprietary association or licensed wagering operator, or an employee or agent of a non-proprietary association or licensed wagering operator, or any other person must not publish any gambling advertising:
 - that encourages a breach of the law;
 - that depicts children gambling;
 - is false, misleading or deceptive;
 - suggests that winning will be a definite outcome of participating in gambling activities;
 - suggests that participation in gambling activities is likely to improve a person’s financial prospects;
 - promotes the consumption of alcohol while engaging in gambling activities;

- is not published in accordance with decency, dignity and good taste and (in the case of a television commercial) in accordance with the *Commercial Television Industry Code of Practice* as in force at the time the gambling advertising is published; or
- offers any credit, voucher or reward as an inducement to participate, or to participate frequently, in any gambling activity (including as an inducement to open a betting account);
- a non-proprietary association or licensed wagering operator, or an employee or agent of a non-proprietary association or licensed wagering operator, must not publish any gambling advertising in writing in a newspaper, magazine, poster or other printed form that does not contain the same information as that required for betting tickets; and
- a non-proprietary association or licensed bookmaker, or an employee or agent of a non-proprietary association or licensed bookmaker, must not offer or supply any free or discounted liquor as an inducement to participate, or to participate frequently, in any gambling activity conducted at a racecourse.

The *Totalizator Regulation 2005* (NSW) places similar requirements on premises in which totalizator betting is conducted by licensees with respect to responsible gambling information brochures, counselling information signage, advertising and the offering of inducements, as those placed on race courses.

5.2.9 Gaming machine technology

All jurisdictions participating in the *Gaming Machine National Standard Working Party* have an *Appendix to the National Standard*. The bulk of each of the Appendices contains technical requirements that are related to the relevant legislative requirements such as compliance plates, locks and keys and application for approval 'submission requirements'. Such jurisdictional differences are justified and cause minimal inconvenience to manufacturers.

The main areas of inconsistencies between jurisdictions, that are problematic for manufacturers, are:

- communication with a centralised monitoring systems; and
- game design harm minimisation measures.

5.2.9.1 Communication with a Centralised Monitoring Systems (CMS)

Jurisdictions in Australia use different monitoring systems to remotely read gaming machines. In NSW use the X Series communication protocol to 'talk' to the CMS (ie transmit their data to the CMS). In Queensland the gaming machines talk QCOM, in South Australia its VLC and so on. This means that a manufacturer needs to develop complex software so that a gaming machine sold in Australia is capable of communicating with the different CMS systems. In the USA (and most of the rest of the world) the default CMS protocol is called SAS (owned and licensed by the gaming machine manufacturer IGT).

It would be beneficial for all jurisdictions to use the same CMS protocol, but once a protocol has been established in a jurisdiction, there is a significant cost associated with switching over to a new CMS protocol. This is because all gaming machine software needs to be upgraded as well as the entire CMS infrastructure. NSW completed this kind of transformation about 6 years ago with the introduction of its CMS.

A new 'global' CMS protocol has been developed by a consortium of gaming machine manufacturers in the USA called the GSA standard. This protocol is based on a high-speed internet type of communication structure that supports server-based gaming with down-

loadable game functionality. There are trials ready to start in Las Vegas utilising the GSA standards, but the current economic climate has delayed their commencement.

Refer to section 2.2.3, *Technology* for more information about the CMS.

5.2.9.2 *Game design harm minimisation measures*

Australian jurisdictions have different and sometimes conflicting requirements for game design harm minimisation measures. For instance, NSW has a ‘Gaming Machine Prohibited Features Register’,³⁰ which lists all the features associated with the design of gaming machines that the CLGCA does not support, for example, the display of monetary notes on the gaming machine’s artwork. Other jurisdictions have a similar set of guidelines, pertaining to the design of gaming machine games, which may differ from those in NSW.

New technology that affects the ability of governments to better regulate gaming is mainly associated with system development rather than gaming machine development. For example, the introduction of the NSW CMS enabled a more accurate and reliable method to collect government tax revenue. The CMS also enabled the OLGR to put in place various compliance programs such as those which could:

- monitor the software that operates in each gaming machine in NSW; and
- monitor the fair play of each game that operates in NSW, where about 3,000 types of games are currently played.

In-venue monitoring systems enable venues to provide player activity statements to players. New generation CMS and in-venue monitoring systems that use the GSA high speed communication networks could theoretically provide additional regulatory enhancements such as player pop-up messages and spending limits. The disadvantage of these new high end systems, such as server-based gaming, is that they offer a greater capacity to market gambling to individual players.

NSW venues have advised that they embrace new technology when it allows them to streamline their operations and enhance the player’s gaming experience. For example, Card-Based cashless ‘account’ gaming was seen to be the future of gaming but the take-up rate was low. Ticket In-Ticket Out (TITO), however, is being embraced by venues because players like the convenience of tickets and venues can reduce their need to attend the machines to clear ‘cancel credit’ transactions. The same applies to Central Cash Control Equipment (CCCE) systems which allow for players get paid on-the-spot for jackpot wins without the need for attendant intervention.

³⁰ The register can be found on the OLGR website http://www.olgr.nsw.gov.au/liquor_lab_tech_stnds.asp

6 Consumer protection

6.1 Regulatory regime

The NSW Government has implemented a significant range of measures to address consumer protection principles, including informed choice, discouraging risky behaviour and gambling counselling and treatment services.

These consumer protection principles need to address the potential conflict between measures targeted toward problem gamblers and the need to ensure such measures have minimal impact on recreational gamblers.

The regulatory regime in place for consumer information and harm minimisation in NSW is covered in sections 5.2, *Regulatory arrangements and policy setting* and 7.3, *Public awareness, education and training*.

6.2 Probity of operators

In relation to the licensing of casino, liquor, machine gaming and wagering operators, there are various legislative frameworks that require levels of investigation into the applicant's integrity and capacity commensurate with the risk of those factors adversely impacting on the proper governance of the operator or the industry involved.

Ultimately the legislative frameworks adopted operate to ensure that the adverse impact from operators and industry is minimised.

It is important to note that a range of investigations can be initiated while a licence is current. It is open for the Police, the Director of Liquor and Gaming and the Casino, Liquor and Gaming Control Authority to take disciplinary action against licensees and business owners at any time, on broad public interest grounds.

6.3 IPART review of gambling harm minimisation measures

In July 2003, the NSW Government commissioned the Independent Pricing and Regulatory Tribunal (IPART) to conduct a review of gambling harm minimisation measures in New South Wales.

IPART was asked to consider the effect of each existing (of which there were 14) and proposed harm minimisation measure on recreational gamblers, problem gamblers, industry and community services, employment, support for community projects, and recreational and social opportunities.

IPART's report, *Gambling – Promoting a Culture of Responsibility* (July 2004), together with its *Consequential Report on Governance Structures* (February 2005) made 113 recommendations. The NSW Government adopted the substantial majority of those recommendations.³¹

This work provided the catalyst for a greater focus on responsible gambling policies and programs that are balanced, informed by evidence, and achieve the desired outcomes.

These ranged across several areas, including: research priorities; measures promoting informed choice for the community and protecting gamblers; and the need for more effective and efficient counselling services.

Since the 2004 and 2005 IPART reports there has been research to determine the effectiveness of certain measures:

³¹ A copy of IPART's reports into gambling harm minimisation measures and the Government's response may be obtained from: http://www.olgr.nsw.gov.au/gaming_info_ipart.asp

- Signage and related communications: found to be effective, nonetheless changes made to increase their effectiveness (refer to section 7.3, *Public awareness, education and training*);
- 6-hour shutdown: found to be effective (refer to section 5.2.5.3, *Ban on 24-hour trading - 6-hour general shut-down period*);
- 2006 prevalence study (a further study is planned for 2010): the outcomes informed a community awareness campaign aimed at males, age 18-25, low income, low education who were at greater risk – Gambling Hangover campaign – to seek help – this identified age group largely did not seek help from funded gambling counselling services (refer section 3.2, *2006 NSW Prevalence Study* and section 7.3.8.2, *Gambling Hangover campaign*);
- addition of CPGI questions in the NSW Health’s Household Survey (refer to section 3.1, *Introduction – prevalence studies*); and
- needs analysis to determine the most appropriate model for delivery of problem gambling counselling to people of CALD backgrounds and Aboriginal people (refer to section 7.4.3.7, *Indigenous communities* and section 7.4.3.8, *CALD communities*).

Since the IPART reports measures have been put in place to provide for more effective and efficient counselling services (refer to section 7.4.3, *Counselling service and development*), including the introduction of:

- service accreditation;
- minimum qualification for counsellors;
- code of ethics to increase overall professional standards; and
- core set of standards and strategies for clinical supervision.

An internet-based Client Data Set was established in 2004 for RGF-funded counselling services to ensure the consistent and uniform collection of data on a client basis to assist in the planning for future service provision and informing harm minimisation measures (refer to section 7.4.5.1, *Client data set*).

IPART found that a number of harm minimisation measures introduced by the NSW Government should be retained, for example the:

- prohibition on credit for gaming;
- prohibition on advertising gaming machines;
- requirements regarding large pay-outs by cheque; and
- restrictions on promotions and inducements.

IPART also identified a range of measures and gaming machine features that should not be implemented, including sound limits on machines, a limit on the maximum amount that can be won on a stand-alone machine, cash-out based session lengths and a requirement for natural light to be provided in gaming area because IPART considered there was insufficient evidence, little or no stakeholder support or negative stakeholder response. The NSW Government supported IPART’s recommendation on these issues.

6.4 Harm minimisation measures

6.4.1 Mandatory vs. voluntary (codes of practice) requirements

Although Codes of Practice exist, and can be approved by the NSW Minister for Gaming and Racing, since 1999 NSW has enshrined harm minimisation measures in legislation (for more information refer to section 5.2, *Regulatory arrangements and policy setting*).

A mandatory / systematic approach addresses the following issues:

- the potential conflict of interest that gambling venues face – actions to increase revenue as opposed to harm reduction; and
- research has indicated that compliance and commitment to voluntary requirements is generally low.³²

6.4.2 Harm minimisation measures across jurisdictions - National Snapshot of Harm Minimisation Strategies - MCG table, accuracy

In October 2008 a *National Snapshot of Harm Minimisation Strategies in Australia* was published by the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs.³³

The snapshot contains information, on a state-by-state basis, of measures to protect people from the dangers of gambling, current at 10 October 2008. The document was originally created to help inform any discussion of future actions to address problem gambling at the Ministerial Council on Gambling (MCG), that is, the MCG should be informed by up-to-date information on the different regulatory environments in each state and territory.

The basis of the document is a table produced by Queensland through the Regulator's Responsible Gambling Working Party which compares harm minimisation measures employed across states and territories. The Federal Government produced a snapshot based on the table provided by Queensland.

As at October 2008, it constituted the most up-to-date information available on state and territory regulatory frameworks and provides the basis for the snapshot paper. However, it should be noted that changes to the NSW environment with the commencement of new laws from January 2009 are not reflected in the document.

The snapshot (overview and accompanying table) provides a reasonable representation of Australia-wide actions on harm minimisation strategies. However, it is an overview document only. For example, the overview part of the document (first 5 pages) sometimes does not detail the NSW actions completely. That is, the content, although not inaccurate, is delivered in limited terms. The confines of the table reporting mechanism restricts the words that can be used to describe harm minimisation measures.

6.5 Research

Since 1995, the NSW Government, through the RGF, has commissioned a wide range of gambling-related research projects. From 2004 this has included research jointly conducted with the Australian Government and the other States and Territories as part of Gambling Research Australia (GRA) - the national gambling research program.

Total allocations from the RGF toward gambling-related research activities since its inception to 30 June 2008 have been \$7.82 million.

³² For example, Delfabbro, P. (2007), *Australasian Gambling Review*, Third Edition, pp.164-167

³³ <http://www.fahcsia.gov.au/sa/gamblingdrugs/pubs/NationalSnapshotHarmMinimisation/Pages/default.aspx>

Details of RGF research that has been completed, in-progress or to be commissioned is available from the OLGR website: http://www.olgr.nsw.gov.au/gaming_rgf_research.asp.

6.5.1 An evidence-based approach

NSW has adopted an evidence-based approach to developing and reviewing gambling policy. For example, the NSW Government, through the RGF, has commissioned research into the effectiveness of the mandatory 6-hour shutdown period for gaming machines, player information and gambling warning signs, and the self exclusion scheme. This research resulted in the 6-hour shutdown being retained, the player information and gambling warning signs being updated, and greater flexibility being built into the self exclusion scheme regulatory provisions.

The Australasian Gambling Review (AGR) provides a comprehensive and critical summary of gambling research in the period 1992 to June 2007, and is a useful research reference for policy development.³⁴ The report addresses the nature and prevalence of gambling; the prevalence of problem gambling; psychological explanations for problem gambling; harm minimisation and strategies to assist problem gamblers; and economic impact.

6.5.2 Pre-commitment research

GRA has conducted, and is continuing to conduct, research into pre-commitment. The purpose of the research is to identify aspects of gaming machine design that may influence a consumer to change or adhere to a pre-commitment decision, determine activities and features offered by and at venues (including venue types- ie pubs, clubs and casinos) that support or undermine a pre-commitment decision, and identify other factors that may influence a consumer pre-commitment decision. For the purposes of the research pre-commitment was defined as any mechanism which may allow a consumer to set a limit around their gambling or help a consumer better control their gambling and avoid overspending their limit.³⁵

Its first research, *Analysis of Gambler Pre-commitment Behaviour*, was published in June 2006. GRA is commissioning further national research into appropriate pre-commitment approaches, *Factors that Influence Gambler Adherence to Pre-Commitment Decisions*.

NSW is also monitoring the 'pre-commitment' card trials being conducted in South Australia and Queensland. The results of the GRA research and these trials will inform the policy and regulation making decisions in NSW. This approach is in line with an IPART recommendation that governments make evidence-based decisions on gaming policy.

NSW gaming laws already allow venues to operate player smart cards, which allow gamblers to set weekly spending limits, on a voluntary basis. Venues that operate player smart cards are required to provide on request a player activity statement that contains information on the money and time spent. However, whether to make smart cards mandatory is a complex issue requiring further research. Mandatory smart cards would mean that in order to play a gaming machine, a player would be required to produce ID when applying for a smart card.

³⁴ Delfabbro, P. (2007), *Australasian Gambling Review*, Third Edition

³⁵ McDonnell-Phillips Pty Ltd, *Australian National Survey of Gambler Pre-commitment Behaviour 2005*, Gambling Research Australia, 2006

In determining whether to make smart cards mandatory, many issues need further consideration, including:

- any adverse impacts on recreational or casual gamblers, and Impacts on interstate and international visitors;
- potential for abuse of mandatory smart cards such as people selling their cards to problem gamblers;
- necessary security requirements and privacy concerns;
- technological needs and the cost to industry of implementation; and
- how limits would be determined.

6.5.3 Ticket In, Ticket Out

The *Gaming Machines Act 2001* (NSW) was amended in 2005 to allow the Minister to vary or suspend operation of Act for research or trial purposes. This allowed suspension during a specified period in respect of a specified area, or a specified person or specified class of persons. This action followed a recommendation of the 2004 IPART report.

The NSW Government considers that it is important that consideration be given to whether new gaming machine technology should be introduced into NSW. As part of this consideration, field trials have been undertaken to test the operation and integrity of new gaming technology.

In 2006, a 4-month field trial was conducted on the operation of new technology called Ticket In-Ticket Out, or TITO technology. This system is an extension of the current Ticket Out system that was previously available on gaming machines across NSW. The new technology allows tickets, printed through the Ticket Out system, to be fed into another gaming machine in order for the credits to be used, rather than having to be redeemed at a cashier.

The field trial of TITO technology assessed the technological integrity of the system and also considered any problem gambling issues that may arise with the new technology. The problem gambling issues were assessed in an independent report. Overall, the report was supportive of TITO technology and no issues were identified that demonstrate that the technology would affect significantly.

While TITO is not a Government harm minimisation measure, the technology has the potential to encourage player breaks by making it easier and quicker for players to retrieve their credits by simply pressing a button and obtaining a ticket rather than having to wait for an attendant to cash them out. TITO also has the potential to improve security in licensed venues by reducing the amount of cash transactions, which is an important consideration for any industry.

The system was approved for use in February 2007, by the former Liquor Administration Board.

6.5.4 Five-year statutory review

The report of the statutory 5-year review of the *Gaming Machines Act 2001* (NSW), which was tabled in the NSW Parliament in December 2007, considered the rationales for the existing harm minimisation measures and the new ones now included in the Act.³⁶ This review entailed wide-ranging public comment on the effectiveness of the existing provisions

³⁶ A copy of the review report can be found on the OLGR website at http://www.olgr.nsw.gov.au/legislation_review_gaming.asp

and any changes that might be required to improve the operation of the Act. The *Gaming Machines Amendment Act 2008* implemented the findings of this review, introducing a range of new or strengthened harm minimisation and responsible gambling measures, and refining existing requirements to ensure they worked more effectively.

6.5.5 Future research

The following is a list of key projects and activities commissioned or scheduled to be commissioned by the RGF:

- review of RGF-funded gambling research;
- review of RGF Awareness Strategies
- pseudo-underage gambling research;
- ATMs and gaming machine note acceptors;
- responsible conduct of gambling training;
- gaming machine ‘prize distribution’ research;
- strengthening self-exclusion;
- prevalence study; and
- statewide needs analysis – gambling counselling and support services.

Details of RGF research that has been completed, in-progress or to be commissioned is available from the OLGR website: http://www.olgr.nsw.gov.au/gaming_rgf_research.asp

6.5.6 Independent review

For each RGF research project there is independent peer review at both the proposal and final draft report stages. This is in line with the IPART recommendation that such review should occur for all RGF-funded research projects.

6.5.7 Expert research advisor

The development and future conduct of the research program benefits substantially from being able to call upon the assistance of a suitably qualified, experienced and respected expert in the field of problem gambling. Dr Clive Allcock was appointed to the role in December 2007. Dr Allcock has had an extensive involvement in the gambling sector as an academic and practitioner including speaking at numerous forums about gambling issues for many years.

6.5.8 Gambling Research Australia (GRA)

NSW, through the RGF, contributed \$1.45 million over 5 years to the national gambling research program, known as Gambling Research Australia (GRA). GRA is an initiative of the Ministerial Council on Gambling, which comprises the Ministers responsible for gambling in each State and Territory Government, and the Australian Government. The GRA was extended for a further 5-year period in July 2008.

The aim of GRA is to develop a national gambling research program, based on the Council's priority research areas, and to create a clearinghouse for gambling research. Both of these objectives have been met.

An RGF Branch officer represents NSW on GRA, which meets periodically to review research progress and to attend to other GRA business.

The research produced to date by GRA has assisted Government policy decision-making in NSW and other jurisdictions. By way of example, GRA research into the definition of problem gambling led to all jurisdictions adopting the Canadian Problem Gambling Index as the national population screening tool. Research into identifying problem gamblers at the gaming venues will feed into the revised NSW responsible conduct of gaming course for venue staff.

Details of GRA research that has been completed, in-progress or to be commissioned is available from the GRA website: <http://www.gamblingresearch.org.au/>.

6.6 Impact of smoking restrictions

The NSW Government introduced the *Smoke-free Environment Act 2000* (and Regulations) primarily as a health initiative. Other jurisdictions have introduced smoke-free environments in gambling venues as a strategy to directly tackle problem gambling.

Since the introduction of the full smoking bans hotels and clubs in July 2007, gaming machine gross profit (ie the amount gambled less the amount won by gaming machine players) figures would appear to have been affected by the indoor smoking bans. However, broader economic conditions and fiscal changes may have also impacted on gaming revenue, for example, changes to gaming machine taxes, high interest rates, high petrol costs, and the global economic crisis. Given these circumstances, it is not possible to be certain about the effect of the smoking bans.

Gaming machine gross profit in clubs for the 2007-08 year fell by 9.4% from the previous year. At this stage it is too early to compare this with the 2008-09 year. However, on a quarterly basis, profits for the quarter ending November 2008 remained stable with a marginal increase of 1% when compared with the quarter ending November 2007.

With respect to hotel gaming machine profits, gaming machine gross profits for the 2007-08 year fell by 13.6% from the previous year. Again, it is too early to compare this with the current 2008-09 year. However, on a quarterly basis, profits for the quarter ending December 2008 recovered 4.5% when compared to the quarter ending December 2007.

While there is some evidence of a marginal recovery in the gaming machine quarterly data, upcoming quarterly figures will provide a better indication of future trends.

With respect to G-Line counselling services, there has been a decrease in the number of calls since the introduction of the smoking bans. For the period August 1999 to June 2007 an average of 922 calls per month were made to G-Line counsellors. The average number of calls per month since the introduction of the smoking bans in July 2007 is 553.

Many licensed venues have concentrated on the challenges of ensuring patrons continue to have a positive experience at their venue as a whole, and are also focusing on new business development to attract non-smokers including families to enjoy the new smoke-free environments.

6.7 Internet gambling

6.7.1 Interactive Gambling Act

Under the *Interactive Gambling Act 2001* (Cth) (IG Act), it is an offence to provide an interactive gambling service to a consumer who is physically present in Australia. Prohibited services typically include online casino-style gaming services of chance or mixed skill and chance, such as roulette, poker, online poker machines and blackjack.

States and Territories are responsible for regulating interactive gambling that remains legal under the IG Act. Some forms of more traditional gambling services, including wagering on certain racing and sporting events and lotteries, are excluded from the Act and are therefore

not prohibited. Telephone betting services, including services which allow bets to be placed after an event has commenced, are excluded from operation of the IG Act.

The draft *Review of Current and Future Trends in Interactive Gambling Activity and Regulation* being coordinated by the Commonwealth Government states that the IG Act is the overarching Australian legislation in respect of Internet gambling, and that it replaced the previous fragmented approach provided by State and Territory gambling laws.

6.7.2 A fragmented approach

The IG Act does not provide for a uniform, national, approach with respect to Internet wagering activities (and lotteries) as they are excluded from the framework by section 8 of the IG Act. The exclusions in the IG Act to continue to permit the ‘fragmented’ State and Territory approach to Internet wagering.

The NSW Government has called for a national approach to the regulation of the wagering industry. In particular it has called for a ban on tote odds betting by internet bookmakers, which continues to adversely impact on the sustainability of the racing industry and ultimately employment opportunities, particularly in regional areas.

Following the “Betfair” High Court judgement,³⁷ and in combination with the IG Act exclusion, wagering operators have aggressively marketed their services, including the offering of inducements to bet. The High Court judgement effectively struck down State and Territory advertising laws and the wagering operators took full opportunity to aggressively expand their market share with minimal regard for community harm minimisation needs.

The provision of traditional gambling services through new technology, for example 3G mobile video applications, SMS and interactive pay TV, makes gambling today more attractive and accessible.

The IG Act exclusion leaves the States and Territories to manage the problem with limited regulatory tools following the “Betfair” decision.

6.7.3 Prevalence study findings

The 2006 NSW prevalence study found that, with respect to the playing of internet casino games for money, less than 1% of NSW adults participated. These games are slightly more likely to be played by those adults who are aged 18-34 years and male.

Among the gambling groups, participation rates for playing internet casino games was driven primarily by gamblers in the ‘at risk’ group (moderate/problem).

However, with the very small sample size for participation in internet casino games (17 out of a total survey population of 5,026), at the overall level the results for frequency and duration of participation and for payment method can be viewed as indicative only, while no results can be analysed by gambling groups.

6.7.4 Other studies

As noted earlier, in section 4.3, GRA has commissioned a study of the *Impact of New and Emerging Technologies* that will be completed in 2011. This research will review current usage of new technologies and look at the impact of new and emerging gambling technologies and associated products on various user groups.

³⁷ Betfair Pty Limited v Western Australia [2008] HCA 11 (27 March 2008)

A publication commissioned by the Australasian Gaming Council (AGC) and prepared by Sally Monaghan of the University of Sydney, *Internet and Wireless Gambling - A Current Profile* (June 2008) summarises all the various issues from an Australian perspective.³⁸

Two Canadian publications review arrangements from around the world, and discuss many of the same matters as the Monaghan paper, including the demographics of users and problem gambling issues:

- Williams, R. J. & Wood, R.T. (2007a). *Internet Gambling: A Comprehensive Review and Synthesis of the Literature*. Report prepared for the Ontario Problem Gambling Research Centre, Guelph, Ontario, Canada. December 2008;³⁹ and
- Wood, R.T. & Williams, R.J. (2008). *Internet Gambling: Prevalence, Patterns, Problems, and Policy Options*. Final Report prepared for the Ontario Problem Gambling Research Centre, Guelph, Ontario, CANADA. January 2009.⁴⁰

³⁸ Available through the AGC website

http://austgamingcouncil.org.au/index.php?option=com_content§ionid=8&task=category&id=22&Itemid=99999999

³⁹ <http://www.gamblingresearch.org/contentdetail.sz?cid=3564&pageid=2139&r=s>

⁴⁰ <http://www.gamblingresearch.org/contentdetail.sz?cid=2973&pageid=1813&r=s>

7 NSW Government programs relevant to gambling

7.1 Introduction

The NSW Government's programs cover four key areas:

- **Public awareness, education and training.** To promote a greater understanding of the nature of the gambling product, the potential for harm and the availability of help and support.

For more information refer to section 7.3, *Public awareness, education and training*.

- **Responsible gambling environments.** Objective: To minimise the likelihood of recreational gamblers developing problem gambling behaviours.

For more information refer to section 5.2, *Regulatory arrangements and policy setting*.

- **Intervention, counselling and support services.** Objective: To enhance problem gambling support and treatment services that are effective, accessible and culturally appropriate.

For more information refer to section 7.4, *Intervention, counselling and support services*.

- **Research and data collection.** Objective: To inform the implementation and further development of the national framework and its strategies.

For more information refer to section 6.5, *Research* and section 7.4.5, *Research and data collection – the outcomes*.

7.2 The Responsible Gambling Fund (RGF)

The RGF is a major responsible gambling and harm minimisation initiative from the NSW Government.

The Responsible Gambling Fund was known from its inception in 1995 as the *Casino Community Benefit Fund* (CCBF), until 2005 when the name was changed to better reflect the Fund's purpose.

The RGF derives its income from a levy paid by the operator of the Sydney Casino as required by the *Casino Control Act 1992* (NSW). This levy, set at a rate of 2% of the casino's gaming revenue, forms a part of the overall taxation arrangements that apply to casino gaming operations.

These arrangements were originally entered into in 1994 for a period of 12 years from the commencement of gaming at the casino in 1995 and expired in September 2007. On 30 October 2007, the NSW Treasurer announced the settlement of the casino taxation negotiations, resulting in the continuation of the RGF levy at 2% for a further 12 years (to 2019).

An original objective of the RGF was to provide *funding [for] such other community projects and services as may be determined as being of benefit to the community generally*. In 2006, after a review of various responsible gambling matters, including the role of the RGF, by the Independent Pricing and Regulatory Tribunal (IPART) the 'community projects' objective was removed to ensure that funded activities and services focus on gambling-related matters.

Between 1999 and 30 June 2008, the RGF allocated \$77.4 million to problem gambling counselling and support services, community education and awareness activities, and research. Of this \$64.1 million was allocated to gambling counselling and support services, \$5.5 million to research and \$7.8 million to education campaigns.

The current trust deed for the RGF was executed in May 2006. It provides for the appointment of up to eleven trustees to recommend to the Minister particular projects and

activities on which RGF monies should be expended. These projects and services are predominantly the development and implementation of programs and activities that aim to reduce and prevent the harms associated with problem gambling.

Organisations are funded to:

- deliver counselling and support services that will assist people with gambling-related problems, and those close to them, to reduce the negative impact of problem gambling on their lives;
- ensure a greater understanding of the nature of gambling, the potential for harm, and the availability of help and support, through a range of industry and community awareness and education activities; and
- undertake research to better inform the development and implementation of responsible gambling and related policy.

The trustees are supported in their work by a small team of officers from the OLGR. The RGF Branch undertakes the administrative work associated with the day-to-day monitoring of grant recipients, as well as the broader policy-related work relevant to the development and implementation of each of the counselling, research and education/awareness programs carried out under the auspices of the Fund.

7.3 Public awareness, education and training

The NSW Government has implemented a comprehensive program to build greater community awareness of problem gambling, an understanding of the nature of the product, the potential for harm, and services available for help and support.

The approaches have included media campaigns using television, radio and print advertising, as well as websites to build community awareness of problem gambling issues and services. A wide range of printed material such as player information brochures, posters, and venue signage is distributed in gaming venues and to the general community as well as being available on the OLGR website.

In NSW gambling venues (including race courses) are required by legislation to display in specified locations within those venues a variety of signs and notices containing information designed to promote responsible practices among people who choose to gamble and/or the availability of help services for those for whom gambling is causing problems.

These venues are also required to display and make available approved information brochures, in a wide variety of community languages, relevant to the form of gambling conducted at the particular venue. The content of the brochures deals with how particular forms of gambling work, the likelihood of winning prizes, and the availability of problem gambling counselling services. The brochures are designed to provide clear, concise information to people about matters of comparative complexity to assist them in making decisions about gambling.

In addition, periodic multimedia campaigns are undertaken to promote counselling services.

These strategies assist people to make informed choices about if, and for how long, they should engage in various gambling activities, and to alert them to the availability of help if their participation leads to problems.

As previously noted, the 2004 IPART report *Gambling: Promoting a Culture of Responsibility* reviewed the effectiveness of gambling harm minimisation measures in NSW. IPART made a number of recommendations relating to the review of signs, brochures, and tickets aimed at conveying information and promoting responsible gambling. One recommendation [27] sought the introduction of responsible gambling contact cards in gambling venues.

The NSW Government supported IPART's recommendation in relation to contact cards and agreed to undertake a review of gambling related signage.

The OLGR reviewed the existing liquor and gaming signage and related communications materials which are required to be displayed in hotels, clubs and the Casino. The OLGR was seeking to ensure that the signs operate effectively and consistently as a package for the community. One aspect of the effectiveness is to consider how the number and placement of signs ensures that the different requirements for these notices are complementary.

The OLGR considered a new design for all liquor and gaming signs as well as the introduction of new related communication materials as recommended by IPART so as to achieve consistency and effectiveness of the content of the communication across all types of licensed venues and venues where gambling occurs.

The Government has recently announced new requirements for the display of new gaming signage, player information brochures and contact cards commence which will commence on 1 June 2009. The wording of existing gambling-related notices (ie for gaming machine, wagering and Keno venues, lottery agents and the casino) will be amended, and there will be a slight reduction in the number of gaming signs which will be required to be displayed in a venue. For more information refer 7.3.3, *Player information brochures*, and 7.3.4 *Gambling machine venues*.

7.3.1 Gambling HELP

A new Gambling HELP name and brand was announced by the NSW Government on 1 April 2009.

The brand will provide a 'one-stop shop' approach for gamblers, where they can choose from a selection of free services including self-help materials and tools; face to face counselling across NSW; 24-hour telephone counselling; and online counselling.

The activities designed specifically to raise the profile of the new brand include:

- development of the new Gambling Help website. This will include a prominent Gambling Help portal for problem gamblers and families, which is expected to host all self-help materials, an interactive directory of services, Government-funded gambling research, a community resources section and a home site for RGF-funded counsellors;
- media training for Gambling Help counsellors and development of media relations support (media release templates, media launch plans, distribution assistance) to boost visibility; and
- development of Gambling Help brochures, posters and contact cards for use by services and for distribution to partners (see below).

The desired outcomes of the new name and brand are:

- greater awareness about problem gambling and help options in the community;
- a decrease in stigma and shame about problem gambling in the community;
- a decrease in barriers to seeking help for those who need assistance;
- greater engagement with Gambling Help resources (ie helpline, counsellors, self-help, online) by problem gamblers and their family and friends; and
- leading to reduced level of gambling problems in the community.

7.3.2 Partnership programs

To increase greater awareness about problem gambling amongst help professionals such as doctors, lawyers, the judiciary, prison officers, human resources professionals and welfare workers, a new partnership program was announced on 1 April 2009.

Partnership organisations fall into the following sectors: medical; legal; workplace; correctional; welfare; not for profit; mental health and community. Approximately 20 professional organisations and entities have agreed to partnerships as of March 2009, with more to be targeted as these activities progress.

The objectives of the partnership program are to increase in treatment of problem gambling by help professionals, and to increase in referral of problem gambling cases to Gambling Help services by help professionals.

Achieving these objectives will require awareness activities and education activities including:

- presentations at key seminars, conferences and gatherings of partner members by problem gambling experts;
- articles about problem gambling placed in partnership newsletters, websites and other materials;
- advertising in professional publications; and
- partnership kits containing information about problem gambling and Gambling Help, developed and distributed to the membership of all partners.

7.3.3 Player information brochures

Venues are required to display approved information brochures, which are also available in some community languages. The brochures deal with how particular forms of gambling work, the likelihood of winning prizes, and the availability of problem gambling counselling services.

There are separate brochures that summarise how gaming machines operate, how various play casino table games work, and the conduct of Keno and each NSW Lotteries game. Each of these player information brochures educates gamblers about their chances of winning on the particular form of game or gaming machine by clearly stating the odds of winning. They emphasise that, whatever the odds of winning at a particular game or gaming machine, there is nothing that the player can do to change those odds.

The brochures are currently marketed under the *Playsmart* name. As a result of the signage and related communications review the content has been slightly updated, and repackaged. The *Playsmart* name is no longer to be used because of a perception that players can out smart the odds of winning.

7.3.4 Gaming machine venues

In NSW gaming machine players have available to them at the place of play information on the chances of winning, the dangers of gambling, and the availability of counselling services.

NSW hotels and clubs that operate gaming machines are required to clearly display a notice in the venue that states the probability of winning a major prize.

Currently, hotels, clubs and the casino must place a sign on each machine that reads “Your chance of winning the maximum prize on a gaming machine is generally no better than one in a million”. As a consequence of the signage review, the wording of the chance of winning notice will shortly change to “What are the odds of hitting the jackpot? No better than a million to one”.

Venues must also display gambling warning and problem gambling notices in areas in which poker machines are located.

Currently, a gambling warning notice must contain one or more of the following statements:

- “Don’t let gambling take control of your life”
- “Gambling can become addictive”
- “Excessive gambling can ruin lives”
- “Excessive gambling can destroy families and friendships”
- “Excessive gambling can lead to the loss of your home or other assets”
- “Excessive gambling can affect your health”

With respect to information on counselling services venues must display a notice, visible to patrons entering a venue that reads:

“IS GAMBLING A PROBLEM FOR YOU?
Are you in control of your gambling?
Do you gamble more than you can afford?
Do you borrow money to gamble?
Do you gamble to win back losses?
Does your gambling affect your family and friends?
FOR INFORMATION, COUNSELLING AND REFERRAL
CALL G-line (NSW)
24 hours a day, 365 days a year
1800 633 635”

As a consequence of the signage review, the gambling warning notice’s wording will shortly change to:

- “Think! About tomorrow”
- “Think! About your choices”
- “Think! About getting help”
- “Think! About your family”
- “Think! About your limits”

The wording for the counselling services notices and signage will be simplified. It will change to:

Think! About your choices Gambling More, enjoying it less?
For free and confidential information and advice about problem gambling,
please contact Gambling Help 1800 858 858
www.gamblinghelp.nsw.gov.au

7.3.5 Public lotteries, casino and wagering

With respect to lottery products, agents are required to have available player information brochures which include information on the chances of winning a public lottery prize. The odds of winning a prize on each NSW Lotteries game are also located on the NSW Lotteries website.

The rules of each NSW Lotteries game are also available from the NSW Lotteries website. For those without internet access, the rules of each game can be obtained from NSW Lotteries.

Keno, though operated by a consortium comprising TabCorp Holdings Ltd and ClubsNSW, is covered by the NSW legislation covering public lotteries. The licensee and agents are required to provide the same information required regarding NSW Lotteries' products. The odds of winning a Keno prize are located on the Keno website.

The Sydney casino is required to display within the casino information concerning the odds of winning for each wager and such other advice or information to the player as may be directed by the CLGCA which is the sole body responsible for regulation of gaming matters at the casino.

The provision of betting odds in the lead up to an event has long been an integral part of the wagering framework.

7.3.6 Contact card

A contact card has been introduced, following the 2004 IPART Report *Gambling: Promoting a Culture of Responsibility* referred to in section 7.3. The new contact card is a like a business card that gamblers, family and friends can easily take-away with them providing details of the gambling counselling services. The contact cards must be made available by venues operating gaming machines. Venues will have to attach them to each bank of gaming machines from the fourth quarter of 2009.

7.3.7 Telephone counselling service

The NSW Government funds the G-line (NSW) service, which is accessed by over 10,000 people each year. G-line (NSW) (on 1800 633 635) is a 24-hour, 7 days a week, statewide telephone crisis counselling, information and referral service for problem gamblers, their families, friends and others. It is available to anyone in NSW who wishes to talk to a trained counsellor about their own, or someone else's, gambling problem.

The Ministerial Council on Gambling announced in July 2008 a single national 1800 gambling helpline which will allow people to seek immediate help through a counsellor in their State or Territory by ringing one number wherever they are in Australia. The new national number is 1800 858 858. Calls to this number originating from NSW will be automatically directed to G-line (NSW).

With the establishment of a national number and similarities in the problem gambling and harm minimisation messages that jurisdictions promote, there is now potential for national awareness campaigns and materials to be developed. The pooling of funding for campaigns and materials can potentially reduce costs for jurisdictions but also increase the budget for such communications and therefore the quality and reach of these initiatives.

Following the review referred to earlier in section 3.2, the "G-line" counselling service is to be shortly re-branded as "gambling HELP". All gambling-related signage and printed materials will carry the new "gambling HELP" brand and logo, and the new national counselling phone number 1800 858 858.

There is also a requirement that signage is required to be displayed on ATMs and cash-back terminals containing information about access to a counselling service (G-line). The notice can be attached to the ATM or cash-back terminal in the traditional way by a sticker or may consist of a permanently visible light emitting display that forms part of the ATM or cash-back terminal.

7.3.8 Education and awareness

Over the years a number of education and awareness programs have been conducted by the NSW Government.

7.3.8.1 TAFE NSW and school counsellors

The OLGR and various educational stakeholders (including the NSW Department of Education and Training, the Catholic Education Commission NSW, and the Association of Independent Schools NSW) jointly developed *A Guide for Problem Gambling: Children and Young People (Information for TAFE NSW and School Counsellors)*, based on material prepared in Victoria, for distribution to schools and TAFE colleges in NSW. The guide adopts a public health model approach with three levels:

- primary prevention strategies that protect students from developing gambling problems;
- secondary prevention strategies to limit the potential for problems once gambling has started; and
- tertiary prevention strategies to reduce the severity of existing problems and prevent relapse.

This publication will be promoted by RGF-funded problem gambling counsellors throughout NSW, facilitating collaboration between school and TAFE counsellors and specialised gambling counsellors in the support of students experiencing gambling related problems.

While problem gambling is not identified as a specific area of study in current NSW syllabuses, the syllabus content is flexible enough to ensure that local issues can be addressed. In Personal Development, Health and Physical Education, teachers have the scope to develop learning activities examining the issues associated with financial responsibility. In mathematics, students have opportunities to explore chance and statistical probability. Schools do provide support to students and families as part of whole-school welfare programs, and this can make a positive impact on students whose lives are affected by gambling.

7.3.8.2 Gambling Hangover campaign

The NSW Government conducted a broad-based campaign to target young males during the second half of 2008. The campaign, entitled *Gambling Hangover*, arose from the 2006 NSW prevalence study which found that young males 18-24 years, employed but with low to moderate incomes, were seen as being at particular risk for problem gambling. The campaign will be run again in the second half of 2009.

The campaign aimed to increase awareness of problem gambling among young males, to create dissatisfaction with problem gambling, and provide self-help strategies for changing behaviour including where to get help. The campaign used morning radio, newspapers, and signage at railway stations and on buses. These media were chosen to specifically capture the target audience during the morning after, remorse, phase of a gambling binge.

The advertisements described how these young men are feeling – sick, anxious, regretful – and deliver the message ‘don’t ignore it, get onto it’ by calling G-Line or getting on to the Gambling Hangover website. The campaign also encouraged friends, partners and family of young problem gamblers to get involved and offered them resources and services.

This campaign delivered an important message to young men developing gambling problems: that there is free confidential help out there that works and that the NSW Government funds 43 free problem gambling counselling and support services across NSW plus the 24-hour G-Line 1800 858 858 help service.

An evaluation conducted by the OLGR has shown that the Gambling Hangover campaign created positive engagement with the target audience. In particular, there was high awareness and approval for the campaign among young men, young men had a significantly better knowledge of problem gambling symptoms, and calls to G-Line were up an average of 5%. Some 4,000 visitors to the website in the first three months of the campaign engaged in self-help activities such as ordering booklets or using interactive tools.

7.3.8.3 Gambling Hangover website

To support the aim of the Gambling Hangover campaign a new website was launched in July 2008. The website (www.gamblinghangover.nsw.gov.au) provides a range of interactive tools to access and manage problem gambling. Key features of the website include:

- a quiz to assess level of problem gambling;
- a calculator to assess level of gambling losses;
- a list of 5 things to do right now;
- a new problem gambling workbook for downloading;
- a map-based directory of counselling and support services throughout NSW;
- video stories of young male problem gamblers and a gambling treatment professional; and
- resources for family and friends.

7.3.8.4 Gambling Hangover partnerships

The campaign involved partnerships with relevant organisations (for example financial counsellors, gambling related support organisations) to help promote the Gambling Hangover campaign at a local level.

7.3.8.5 DVD on gaming machines

A 10-minute DVD about how gaming machines work is under development by the RGF. The DVD aims to highlight some of the main myths that problem gamblers and the public have about gaming machines and to explain clearly how they work and the chances of winning. The DVD will also be subtitled in six community languages: Cantonese, Mandarin, Vietnamese, Greek, Arabic and Italian.

It is intended that the DVD will have the following applications:

- use by funded counselling services during counselling sessions;
- available to the general public for viewing or download;
- forming part of a community speakers' kit, to be shown by counsellors during their presentations to community groups;
- forming an integral part of the materials that will be made available to partner organisations (for example, the Royal College of GPs, the NSW Law Society, The Department of Corrective Services) for the education of members and their clients who have presented with problem gambling issues; and
- subtitled versions will be made available to funded ethno-specific services, partner organisations and ethno-specific health and community services.

7.3.8.6 *Gambling in Australia: thrills, spills and social ills*

In 2004-05 the Government sponsored an exhibition at Sydney's Powerhouse Museum about gambling in Australia. Later touring several NSW regional locations, the exhibition, known as *Gambling in Australia: thrills, spills and social ills*, outlined the often chequered history of gambling in this State and provided information about the assistance available for those who experiencing problems. Through interactive displays, visitors could also discover the theory and practice of probability as it relates to gambling. The sponsorship provided a unique opportunity to deliver information about problem gambling and sources of help to a diverse and receptive audience.

7.3.8.7 *What are the odds – understanding the risk*

A key educational component of the Powerhouse exhibition informed younger people about issues surrounding gambling. An education kit titled *What are the odds? Understanding the risk* was developed as a resource for teachers to incorporate responsible gambling messages into the secondary school curriculum. The kit, which was provided to all NSW schools, informed students about the pitfalls of gambling and enabled them to calculate the small theoretical chances of winning games of chance.

It provided links to a number of syllabus areas for years seven to 10 (mathematics, history, design and technology, commerce, studies in society, and personal development, health and physical education) and years 11 and 12 (community and family studies). The kit also featured information about sources of help for people with gambling problems and their families, particularly G-line (NSW), with teachers and school counsellors encouraged to be aware of these when speaking to students.

7.3.8.8 *Gambling: Calculating the Risk*

NSW funded an online educational resource called *Gambling: Calculating the Risk*.⁴¹ The material on the site demonstrates the mechanics of gambling including the mathematical probability of winning and the potential social costs. The site, established in association with the exhibition at the Powerhouse Museum, employs a range of strategies that aim to engage players in active learning such as data analysis, problem solving, role play and debate. It is targeted at school students and their teachers but has also found an audience amongst problem gambling counsellors and their clients.

7.3.8.9 *Unscrambling Problem Gambling campaign*

Mass media campaigns have also worked to raise awareness of the availability of G-line (NSW). The first of these, *Unscrambling Problem Gambling*, ran from November 2002 to March 2003 with the main purpose to raise community awareness of the G-line (NSW) service. The second mass-media campaign, employing the same theme, commenced in December 2003 and continued until May 2004.

The campaigns consisted of English and other community language advertisements on television, radio, newspapers, shop-a-dockets and other media. Both campaigns resulted in strong boosts to the numbers of calls to the G-line from people seeking help.

7.3.8.10 *Exhibitions at the Sydney Royal Easter Show*

Exhibitions at the 2000, 2001 and 2002 Sydney Royal Easter Shows promoted the G-line (NSW) service and responsible gambling issues generally through a range of interactive displays, to an audience of several hundred thousand visitors from across NSW.

⁴¹ www.powerhousemuseum.com/gambling

7.3.8.11 Local level awareness

Funded gambling counselling services work through a wide variety of avenues to raise awareness of problem gambling as an issue in their communities, and to ensure that local referral agencies are aware that specialised assistance is available for those experiencing gambling-related problems.

7.3.9 Counselling services – information provided by

A part of the funding provided by the NSW Government through the RGF to gambling counselling services is allocated by services to conducting a wide range of local community education and awareness activities.⁴² These services are run by RGF-funded counselling services with the overall aim of increasing awareness of problem gambling and to promote the availability of counselling services. Target audiences are other healthcare providers, community organisations, schools, local councils, gaming venues and the general community.

7.3.10 Responsible Conduct of Gambling (RCG) training

NSW gaming machine legislation requires all registered club secretaries, hotel licensees, and club and hotel staff working in gaming-related areas within those venues to undertake a six-hour training program in the responsible conduct of gambling. Relevant staff from the Sydney casino are also required to undertake responsible gambling training under the *Casino Control Act 1992* (NSW). Approximately 20,000 people are trained annually. Hoteliers and club secretaries are required to keep copies of RCG certificates of staff who have gaming related duties in a register on the licensed premises.

The training course was developed by TAFE NSW with the assistance of the OLGR, ClubsNSW, the Australian Hotels Association (NSW) and welfare agencies. It was approved by the NSW Vocational Education & Training Accreditation Board and by the Casino, Liquor and Gaming Control Authority (former Liquor Administration Board) in July 2000. The RCG course material has since been updated and is available from the OLGR website: [http://www.olgr.nsw.gov.au/pdfs/RCG%20Amended October 2008.pdf](http://www.olgr.nsw.gov.au/pdfs/RCG%20Amended%20October%202008.pdf).

The course provides participants with the skills and knowledge required to provide responsible gambling services, identifies the impact of problem gambling and provides information to customers who require assistance with their gambling.

The RCG training course is to be reviewed in 2009, and the review will consider a range of issues including the need for refresher training, and the identification of problem gamblers, which follows on from the November 2007 research report published by GRA, *Identifying problem gamblers in gambling venues* (refer to section 3.3 for more information on this research).

The course is conducted by registered training organisations (RTOs) including TAFE NSW Institutes and the Open Training and Education Network, with trainers approved by the CLGCA.

A RTO must be approved by the CLGCA to conduct RCG training under the NSW gaming laws. The RTO must have the course module THHADG03B Provide responsible gambling services on its scope of registration with VETAB, and it must have at least one trainer who has the prescribed industry experience and training qualifications. There is an application fee of \$995 and an annual renewal fee of \$550 is applicable to all approved training providers.

Under the mandatory training framework, prospective RCG trainers must possess a:

- Certificate IV in Training and Assessment; and

⁴² Refer to section 7.4.3, *Counselling service and development* for more information about the counselling program

- a minimum of three years supervisory or management experience (dealing with gaming machines) in a NSW hotel, registered club, or have other experience that is considered by the CLGCA to be of an equivalent nature.

Once a person has been approved by the CLGCA (or previously been approved by the Liquor Administration Board) to deliver RCG training, that person can work for multiple training providers without having to obtain approval from the CLGCA each time.

7.3.11 Gaming machine technical standards

In NSW information is also made available on the technical standards that approved gaming machine machines must meet. The national standards and the NSW appendix (each State and Territory has its own appendix) are posted on the OLGR website at http://www.olgr.nsw.gov.au/gaming_info_tech_standards.asp. The CLGCA approves the technical standards.

The national standards cover a wide range of issues including the minimum percentage payout for gaming machines (85%), game rules, random number generators, stand-alone and progressive jackpots, displays, credit redemption conditions, software standards, computer and peripheral hardware, and cabinet construction.

Approved technical standards have been developed for gaming machines, games; ticket-in/ticket-out, in-venue jackpot systems, and the communication protocol that gaming equipment uses to communicate with the Centralised Monitoring System.

Testing facilities authorised by the CLGCA use approved technical standards to evaluate gaming equipment prior to the equipment being considered for approval by the CLGCA. The CLGCA cannot approve gaming machines that fail to meet the technical standards.

In addition, the NSW Gaming Machine Prohibited Features Register outlines prohibited features on gaming machines that have been compiled by the OLGR. Gaming machine manufacturers use the NSW Gaming machines prohibited features register as a reference tool, which assists in following the various game design harm minimisation guidelines issued by the [CLGCA](#). The register can be found on the OLGR website http://www.olgr.nsw.gov.au/liquor_lab_tech_stnds.asp.

The CLGCA is currently not approving games that fall outside of the guidelines listed in the NSW GM Prohibited Features Register.

OLGR's Gaming Technology Branch monitors compliance with these standards.

7.4 Intervention, counselling and support services

7.4.1 The policy framework on treatment services

In 1999, the RGF trustees engaged NSW Health to develop a policy framework that would guide the more effective provision and co-ordination of services for those who needed them. The completed document, *Policy Framework on Treatment Services for Problem Gamblers and their Families*, was the product of an extensive consultation processes. It was launched in October 2001.

These strategies were endorsed in the 2004 IPART report referred to in section 6.3 and in the Government's response to the IPART report, *Towards a Culture of Responsibility in Gambling*, published in 2005.

The initiatives arising from these documents have informed most of the changes aimed at improving overall service delivery in RGF-funded services.

A copy of the *Policy Framework* can be found on the OLGR website at: http://www.olgr.nsw.gov.au/pdfs/prob_gmlbrs_policy_framework.pdf.

7.4.2 G-line (NSW)

The Government funds a 24-hour, seven-day-a-week, telephone crisis counselling, information and referral service for people with gambling problems, their families and others since 1997. Known as G-line (NSW), the service commenced operation in August of that year and was accessible to any NSW resident experiencing difficulties associated with gambling.

The original operator of the service, up to August 1999, was the Melbourne-based Addiction Research Institute (ARI). ARI was also the operator of a similar service in Victoria.

At the end of that contract the Sydney-based McKesson Asia-Pacific Pty Ltd (formerly known as High Performance Healthcare Pty Ltd) was appointed as, and remains, the G-line (NSW) service provider.

Features of the G-line (NSW) service today include:

- immediate crisis counselling;
- provision of information on the services available, and appropriate contact points of services throughout NSW that are equipped to assist persons affected by gambling problems;
- accessibility to all NSW residents, including persons from non-English speaking backgrounds;
- strict confidentiality and anonymity for callers; and
- staffing by qualified and/or trained counsellors at appropriate levels to cope with demand.

Since the commencement of operation by McKesson until February 2009 the G-line (NSW) service has received about 98,000 problem gambling related calls.

Attachment D shows the number of calls to G-Line each month from August 1999 to the present.

7.4.3 Counselling service and development

In addition to the 24-hour G-line (NSW) telephone crisis counselling, information and referral service, the NSW Government has a range of gambling counselling and support services:

- 5 multi-region services offering specialist assistance for culturally and linguistically diverse (CALD) communities and a State-wide Aboriginal service providing a range of workforce development and awareness raising initiatives;
- 3 specialist support services, providing, respectively, training programs for gambling counsellors, expert legal advice for individuals and services on gambling-related matters, and advice and advocacy on gambling issues as they affect people with disabilities; and
- 38 individual services operating face-to-face counselling services.

7.4.3.1 Funding rounds

Counselling services for problem gamblers perform an important role and it is necessary that for planning and delivery of those services that they be funded for longer rather than shorter periods of time. Implementation of triennial funding for services was commenced in 2002. Previously, funding was allocated for between one and three years.

In 2008, funding terms for the counselling services increased to 4 years. This initiative should better encourage services to attract and retain valued counselling staff.

7.4.3.2 Service accreditation

In April 2006, Quality Management Services (QMS), an independent provider of accreditation services to community service organisations, was engaged to undertake an accreditation program for RGF-funded counselling services. QMS reviews services against core and service-specific standards endorsed by the Quality Improvement Council (QIC). QIC grants accreditation to agencies on the recommendation of QMS following detailed service reviews. QIC endorsed the NSW specific problem gambling treatment service standards in February 2007.

The purpose of the accreditation process is to ensure that a continuous quality improvement cycle is incorporated into the management and delivery of services, resulting in better outcomes for service users. The project originated from the *Policy Framework* and was endorsed by IPART.

Many funded services have achieved, or are nearing the point of achieving, accreditation, with all on track to achieve accreditation by 2009.

7.4.3.3 Minimum qualification for counsellors

The development of a minimum qualification for problem gambling counsellors working within RGF-funded services is one of the key strategies from the *Policy Framework*. Its overall aim is to ensure that those in the sector can demonstrate the requisite range of knowledge, skills and attitudes.

The Government's response to the subsequent IPART recommendations on this issue supported the proposed priority development of a minimum qualification, to be known as the *Diploma of Problem Gambling Counselling*. The Diploma consists of 13 units that are nationally accredited general community service competencies already in place, and the following 3 specially developed problem gambling specific competencies:

- orientation to problem gambling work;
- assessment of the needs of clients who have problem gambling issues; and
- counselling clients with problem gambling issues.

A major component of the project is the development of resources to support the qualification. This has occurred in partnership with the NSW Community Services and Health Industry and Training Advisory Board, and auspiced by reference groups of service representatives and others in the sector.

In September 2008, the Diploma of Problem Gambling Counselling was accredited for five years by the NSW Vocational Education & Training Accreditation Board.

7.4.3.4 Code of ethics

The *Policy Framework* led to the development of a Code of Ethics and professional standards for counselling service providers working with people with gambling problems and those close to them.

With the assistance of the St James Ethics Centre and several sector representatives, a range of resources designed to increase overall professional standards has been developed and provided to all RGF-funded counselling services. These include:

- the Code of Ethics document, including a guide to ethical decision making;
- minimum guidelines for complaints (for clients and workers);
- an external complaints form; and

- a Client Charter.

An independent Ethics Complaints Panel (ECP) was established in 2008 to consider complaints or issues that cannot be resolved at the agency level and, where necessary, refer them to the appropriate oversight body. The ECP also makes recommendations and communicates them to both the complainant(s) and agency, and if appropriate, to the RGF trustees/branch.

The consultations undertaken as part of the development of these resources have ensured that the ethical values and principles are relevant to the sector, aspirational, and easy to understand and implement.

The purpose of the code is to recognise common aims and an agreed set of values, principles and behaviours, within the RGF-funded gambling counselling sector. It also provides a uniform system for accountable practices, outlining and protecting the rights and responsibilities of clients, practitioners, colleagues and others.

The client charter has been translated into a postcard-sized handout, and the complaint form into 22 community languages.

7.4.3.5 *Clinical supervision*

Clinical supervision refers to a process of regular and formal meetings between a counsellor and a highly qualified and experienced counsellor (the clinical supervisor) to discuss client work. The *Policy Framework* outlines a number of strategic directions involving the provision of, and standards and support for, clinical supervision for those who work in the RGF-funded gambling counselling sector.

A 2004 survey indicated that most RGF-funded problem gambling counsellors are involved in some form of clinical supervision. However, the responses also indicated that a wide variation in the quality and quantity of clinical supervision is offered.

Following extensive consultations undertaken by and through the clinical supervision working group, a core set of standards and strategies for the provision of clinical supervision has now been developed for the sector.

The RGF has produced a *Directory of RGF Accredited Clinical Supervisors for Problem Gambling Counsellors*. It has also published *Clinical Supervision Guidelines for the Problem Gambling Counselling Sector*.

A copy of the Guidelines can be found on the OLGR website at:
http://www.olgr.nsw.gov.au/pdfs/Guidelines_PROOF04.pdf.

In addition, a regular professional forum to provide ongoing support and professional development for RGF accredited counsellors has been established by the Centre for Community Welfare Training.

7.4.3.6 *Training*

Since 2006 the RGF has funded a state-wide training service, the Centre for Community Welfare Training (CCWT), to provide training for workers in RGF-funded gambling counselling and support services. This training is made available at no cost to those workers.

The service provides gambling-specific training plus generalist courses dealing with mainstream topics relevant to the work undertaken in gambling counselling services such as 'measuring client outcomes in problem gambling services' and 'cognitive therapy for excessive poker machine play'. It also provides generalist courses dealing with mainstream topics relevant to the work undertaken in gambling counselling services, such as 'alcohol and other drugs', 'counselling and therapy' and 'management and governance'.

CCWT also provides customised training to RGF-funded services upon request, and subsidises training fees for relevant courses and conferences that are not provided through CCWT.

A number of regional service forums have been established by RGF-funded services. These forums provide an excellent opportunity for gambling counsellors to discuss ideas and strategies, share experiences, network with other counsellors in their region, receive updates from and provide feedback to RGF Branch officers and other stakeholders, and undertake structured training.

Issues discussed relate to funding and reporting, service accreditation, education and training, data collection, research, and general gambling policy and community awareness matters.

7.4.3.7 *Indigenous communities*

Research, commissioned by the RGF, has been undertaken by the Aboriginal Health & Medical Research Council in relation to gambling harm minimisation in indigenous communities. The report *Pressing Problems - Gambling Issues and Responses for NSW Aboriginal Communities*, prepared by the Aboriginal Health & Medical Research Council of NSW, focuses on current responses, services and interventions aimed at reducing gambling-related harms in NSW Aboriginal community settings. It also discusses future directions, activities and approaches that could enhance existing responses to gambling issues for Aboriginal people.

The research found that Aboriginal people were reluctant to seek assistance for gambling problems because of shame and stigma surrounding the issue. To respond to the issues raised in the research report a range of initiatives has been developed and they are being implemented progressively. The initiatives include raising awareness of gambling related harm in Aboriginal communities, providing tailored training courses, and providing more support for counselling services to engage and work better with Aboriginal communities.

This report can be found on the OLGR website at http://www.olgr.nsw.gov.au/rr_pp.asp.

As part of a tailored communications strategy, the NSW Government has sponsored the Ella 7s Aboriginal rugby competition as part of the Gambling Hangover campaign, reaching 30 indigenous communities in NSW directly and more through the telecast of the event on National Indigenous TV.

Work into the future will include a tailored Aboriginal awareness strategy, which will be developed in association with relevant Aboriginal organisations and representatives, taking account of recommendations in the Pressing Problems report and the Government-funded work undertaken by the Aboriginal Health and Medical Research Council.

The desired outcomes of the tailored communications strategy are:

- greater awareness about problem gambling amongst Aboriginal communities;
- greater engagement with Gambling Help resources by members of Aboriginal communities including problem gamblers and their family and friends; and
- leading to reduced level of gambling problems in Aboriginal community.

7.4.3.8 *CALD communities*

A needs analysis of problem gambling counselling services for culturally and linguistically diverse (CALD) communities in NSW has been undertaken to determine the most appropriate model for the delivery of problem gambling counselling to people of CALD backgrounds in NSW.

The needs analysis also includes an investigation into how problem gambling treatment services for CALD communities can best connect with the target clientele and how they can best be promoted to encourage those from CALD backgrounds to engage with them.

Following the recommendations in the RGF-funded *Needs Analysis of Problem Gambling Counselling Services for NSW CALD Communities* (available at www.olgr.nsw.gov.au/rr_napgcs.asp), five separate problem gambling awareness strategies will be developed in association with Gambling Help CALD services. The priority community groups are Chinese, Vietnamese, Arabic, Greek and Italian speaking communities.

The desired outcomes of the tailored communications strategy are:

- greater awareness about problem gambling amongst culturally and linguistically-diverse (CALD) communities;
- a decrease in stigma and shame in CALD communities about seeking help for problem gambling;
- greater awareness of help service choice and options, confidentiality and privacy and the counselling process amongst CALD communities;
- a decrease in barriers to seeking help for those in CALD communities who need assistance;
- greater engagement with Gambling Help resources by members of CALD communities including problem gamblers and their family and friends; and
- leading to reduced level of gambling problems in CALD community.

7.4.3.9 Problem Gambling Conference

The first NSW Problem Gambling Counsellors Conference, funded by the NSW Government, was held in April 2008 in Sydney. It was intended to have a different focus from that of the annual conference of the National Association of Gambling Studies conference, being more practitioner-based and focussing on practical counselling strategies for assisting problem gamblers and their families. The CCWT organised the conference in conjunction with RGF Branch.

The conference was highly rated by the participants and a second NSW Problem Gambling Counsellors Conference was held in April 2009.

7.4.4 Problem Gambling Roundtable

In July 2008 thirty-five people including problem gamblers, counsellors, academics, gambling industry executives and policymakers came together at the inaugural NSW Problem Gambling Roundtable.

The event was staged by the OLGR to bring together a wide range of individuals with key perspectives on problem gambling in the State, to share their views and experiences and examine new ways to reduce the harm associated with gambling.

The event was used to identify and discuss any improvements that could be made to existing responsible gambling policies to ensure individuals and local communities are protected from problem gambling.

7.4.5 Research and data collection – the outcomes of counselling service programs

7.4.5.1 Client data set

The internet-based 'Client Data Set' (CDS) was introduced across RGF-funded counselling and support services with effect from January 2004. It facilitates the consistent and uniform collection of data on a client-by-client basis for those accessing RGF-funded services. It also assists planning for future service provision and informing harm minimisation strategies.

The online system has significantly improved the efficiency, security, and accuracy of data collection. Subsequent revisions to the types of data collected through the CDS, undertaken in consultation with RGF-funded services, were implemented on 1 July 2005, 1 July 2006, and 1 July 2007, with the most recent revision implemented with effect from 1 July 2008. An analysis of the 2007/08 CDS data will be reported in the 2008/09 annual report of the RGF.

Table 11: Client Data Set – data indicator

CDS Data Indicator	Jan-Dec 2004	Jan-Jun 2005	Jul 2005-Jun 2006	Jul 2006-Jun 2007
Clients recorded as having received counselling services (no.)	5,211	3,149	4,924	5,462
Counselling session information				
Individual face-to-face problem gambling counselling sessions (no.) [1]	19,102	9,389	14,557	17,604
Telephone counselling sessions (no.)	2,599*	1,500*	1,808	3,124*
Group counselling sessions (no.)	1,971*	1,042*	899	875*
Individual face-to-face counselling session duration (minutes - mean)	69.0*	68.7*	68.0	68.6*
Telephone counselling session duration (minutes - mean)	29.5*	28.5*	31.8	26.6*
Group counselling session duration (minutes - mean)	84.9*	82.4*	91.1	87.0*
Client characteristics - general				
% of clients who were male	56.9%	55.7%	55.6%	56.6%
% of clients who were female.	43.1%	44.3%	44.4%	43.4%
Female clients - age (years - mean)	43.0	43.6	42.8	43.9
Male clients - age (years - mean)	38.7	39.3	39.8	40.0
% of clients born in Australia	70.9%	72.3%	72.1%	71.9%
% of clients identifying themselves as indigenous	3.7%	3.2%	3.5%	3.1%
% of clients reported as speaking a language other than English at home	18.6%	19.1%	18.1%	17.2%
% of clients identifying themselves as a person with a gambling problem	76.2%	74.8%	71.9%	70.7%
% of clients identifying themselves as the partner/ex-partner/family member of a problem gambler [2]	17.2%	16.4%	18.1%	12.9%
% of partners/ex-partners/ family members who were female	78.8%	81.7%	79.5%	73.4%
% of clients reporting G-line (NSW) as the most commonly reported most recent referral source	32.7%	28.3%	24.5%	22.1%
Client characteristics - problem gamblers				
% of problem gamblers who were male	65.8%	65.0%	65.5%	66.2%

CDS Data Indicator	Jan-Dec 2004	Jan-Jun 2005	Jul 2005-Jun 2006	Jul 2006-Jun 2007
% of problem gamblers identifying the following as their most common preferred gambling venue:				
• registered club	47.7%	48.6%	50.4%	48.5%
• hotel/pub	37.5%	36.1%	34.3%	35.0%
% of problem gamblers identifying gaming machines as the principal preferred form of gambling activity	84.3%	84.4%	82.9%	81.4%

[1] includes financial counselling sessions

[2] Other clients not noted here include family members, friends, and financial counselling clients (not related to problem gambling)".

7.4.5.2 State-wide telephone follow-up of counselling service clients

Since 2006 the operators of the G-line (NSW) service have been commissioned to undertake telephone follow-up surveys of clients seen by funded counselling services.

Overall, the surveys have been conducted at intervals of one, three and six months. To December 2008, the proportion of survey respondents answering the question “whether they were now better able to manage their gambling” in the affirmative has been as follows:

- One month - 84.3%
- Three months - 92.7%
- Six months - 90%.

Individual G-line callers have also provided testimonials as to the effectiveness of the counselling provided, for example:

- “You don’t know how much G-line just being there to listen really helps people.” (May 2008); and
- “I was so distressed and low when I rang and the counsellor was so lovely and non-judgemental and I would like to thank her for that. I cannot say how grateful I am that she was there. It was a very positive experience for me and I am sure that further good things will come of it.” (August 2007).

Table 12 below notes some key information about the characteristics of callers to the G-line (NSW) service over the past three years.

Table 12: G-line (NSW) service characteristics

Indicator	2005/06	2006/07	2007/08
Calls from target group callers (ie people in NSW who consider they have a gambling problem, or their families, carers, friends, colleagues, and professional counsellors)	9,337 (54%)	9,620 (61%)	6,757 (59%)*
Calls from non-target group callers	7,921(46%)	6,117 (39%)	4,789 (41%)
Gender of target group callers identifying themselves as gamblers	Males - 66% Females - 34%	Males - 68% Females - 32%	Males - 72% Females - 28%
% of target group callers reporting gambling on gaming machines	57%	64%	54%
Main characteristics of target group callers	Gamblers - 70% First-time callers - 66%	Gamblers - 68% First-time callers - 69%	Gamblers - 71% First-time callers - 71%
% of callers who had not sought any previous help for gambling related issues	23%	20%	23%

Most common means of learning about G-line (NSW)	1. Gambling venue notices/stickers 2. Telephone book 3. Brochures/pamphlets	1. Gambling venue notices/stickers 2. Telephone book 3. Brochures/pamphlets	1. Gambling venue notices/stickers 2. Telephone book 3. Other services
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* The significant fall in calls to G-line (NSW) service coincided with the introduction of the smoking ban in licensed premises with effect from 2 July 2007.

7.4.5.3 General outcome research

In 2006 the NSW Government, through the RGF, funded the University of Sydney to conduct an assessment of treatment effectiveness among clients receiving gambling counselling at five RGF-funded services.⁴³ The study found that clients' involvement in gambling, and their gambling-related problems, significantly decreased from the beginning of treatment to six months after treatment.

Some of the results include:

- the mean number of days since the last gamble increased from 14 to 102;
- the average money lost per week decreased from \$1,130 to \$153;
- 33 of the 85 clients (40%) assessed at follow-up had remained abstinent; and
- the problems caused by gambling decreased (a 74% decrease in the problems caused by gambling across seven domains of everyday living).

99% of the clients stated they were satisfied or very satisfied with the treatment they received from RGF-funded services.

7.4.5.4 Annual surveys of gambling counselling services (1997-2004)

The last of eight annual RGF-funded surveys of NSW gambling counselling services (most of which were funded through the RGF) reported.⁴⁴

The 2004 results are consistent with the conclusion that the numbers of cases of problem gambling have levelled off. This apparent end to increasing numbers year by year cannot be explained by a decline in the services available. The numbers of counsellors providing services in relation to problem gambling have continued to increase. Furthermore, the decline in rate of increasing numbers is present in the data provided by both RGF and non-RGF-funded counsellors.

Assuming that the shape of the curve shows a real levelling out effect, rather than a chance fluctuation, then two explanations might be considered:

- *that counselling effectiveness is increasing; or*
- *that the comprehensiveness of network of services available to problem gamblers has reached a stable level.*

7.4.5.5 Outcomes in individual services

Among the new specifications for RGF-funded gambling counselling services from July 2008 is a requirement to collect qualitative and quantitative data documenting the effectiveness of therapeutic interventions.

Some services have been collecting this information for some time, with the generally positive outcomes consistent with those reported in sections 7.4.5.1 to 7.4.5.4 above. For

⁴³ The research is to be shortly published. It will be available from the OLGR website; http://www.olgr.nsw.gov.au/gaming_research_year.asp

⁴⁴ The report is available from the OLGR website: http://www.olgr.nsw.gov.au/rr_ws_8.asp

example, follow-up data gathered by the Hornsby Drug, Alcohol and Gambling Service (located at Hornsby Ku-ring-gai Hospital) in relation to its gambling clients seen between October 2005 and November 2006, at an average of nine months after initial presentation, indicates that:

- scores on the SOGS (a major problem gambling screen) had reduced significantly, from 9.61 to 3.75 (a score of 5+ suggests the client has a gambling problem);
- average weekly gambling expenditure had decreased from \$1,677 to \$262; and
- measures for depression (5.6 to 3.5), anxiety (5.6 to 4), and stress (6.8 to 4.4) all showed considerable improvement.

7.5 Other NSW Government programs

7.5.1 Criminal justice support services

7.5.1.1 Corrective Services

The NSW Department of Corrective Services (DCS) identifies offenders with gambling related offences through the Intake Screening Questionnaire, which is administered to all offenders on reception into custody. Offenders who indicate in the questionnaire that gambling is associated with their current offence are referred for further assessment using the South Oaks Gambling Scale (SOGS).

The results of the SOGS may lead to referral to one of the following programs which address addictive behaviours including gambling:

- *The Best Bet: is the one you don't have*, is a specialised cognitive behavioural group program addressing gambling. In 2007/08, 18 groups comprising 140 individual offenders participated in the program and completed over 1000 sessions in NSW Correctional Centres; and
- *Getting SMART/ SMART Recovery* is a cognitive behavioural therapy based program addressing addictive behaviours including gambling. In 2007/08 1,415 individuals in NSW correctional centres attended over 9,800 sessions of "Getting SMART/SMART Recovery". While the majority of these participants would have been referred because of drug and alcohol problems, a proportion are likely to have also been addressing gambling problems.

The DCS has recently undertaken a significant upgrade of its Offender Integrated Management System. As a result, screening and assessment data will increasingly be available online. This will improve the capacity of the DCS to collect and analyse data regarding gambling related offending and gambling problems among offenders in the future. The inclusion of questions about gambling in the *Biennial Survey of Prisoner Drug Use* will also enable DCS to monitor trends in drug related offending.

7.5.1.2 Court Referral of Eligible Defendants into Treatment (CREDIT) program

The CREDIT program, which is being trialled by the NSW Attorney General's Department, will facilitate access by Local Court defendants to services that will assist them to address issues that contribute to their offending behaviour. These are people who come before the justice system and invariably have a lot of contact with other support agencies. However, they are not always identified at an early stage of being at high risk of re-offending.

The aim of the program is to reduce re-offending and avoid the costs associated with re-offending through early intervention. Problems such as drug, alcohol and gambling addiction,

mental illness, unemployment and homelessness will be addressed by the agencies represented on the CREDIT working group.

The CREDIT scheme is a first for Australia, a screening process, developed by the Bureau of Crime Statistics and Research, to accurately identify persons who are at high risk of re-offending. It will use available information about the defendant, using such variables as age, the nature of the offence, the gender, the prior criminal history, and thereby predict the likelihood of that individual re-offending with a high degree of accuracy. It will focus on those high-risk re-offenders, and get them into programs and treatment to address issues like drug and alcohol problems, mental health, a lack of education and unemployment, as well as accommodation needs. The services involved in this program include problem gambling counselling services funded by the RGF.

A trial is to be conducted later this year, with the program operating at first in one metropolitan and one regional location, before being eventually rolled out across the State.

ATTACHMENT A

NSW Taxation measures introduced since the 1999-2000 Budget

Note: this information was correct at the time of the 2000-01 Budget. These tax rates may not be correct now. Current rates are stated in *Interstate Comparison of Taxes, 2007-08*.⁴⁵

States and Territories were required to “adjust their gambling tax arrangements to take account of the impact of the GST on gambling operators”. The GST is levied on gambling revenues as one-eleventh of the difference between the total amount wagered and total monetary prizes.

To comply with the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (IGA), NSW gambling tax arrangements were changed either by reducing existing tax rates or by reimbursing operators the amount of GST paid where tax rate adjustments are not possible. GST Revenue Grants and Budget Balancing Assistance Payments from the Commonwealth will offset revenue foregone through these adjustments in gambling taxation.

Racing/Sports Betting

- The tax rate on off-course and on-course totalizators and fractions was reduced from 28.2 percent to 19.11 percent.
- The tax rate on TAB fixed odds racing and sports betting was reduced from 20.0 percent to 10.91 percent.
- The one percent turnover tax applicable to bookmaker betting was abolished in March 2002.

Casino Gaming Operations

- The tax rate on gaming machines was reduced from 22.5 percent to 13.41 percent.
- The marginal tax rates on tables were reduced so that the minimum tax rate is reduced from 20.0 percent to 10.91 percent and the maximum tax rate is reduced from 45 percent to 35.91 percent.
- The amount of GST paid on the casino’s international high roller program was reimbursed. A tax rate adjustment was not possible in this case due to the fact that the Casino pays a fixed non-refundable amount of \$6 million per annum on the first \$60 million in revenue. In addition, the GST legislation allows the potential for the GST base to vary from the State tax base.

Hotel and Club Gaming Operations

- For hotel gaming operations the marginal tax rates were reduced as shown in the table below.

⁴⁵ NSW Treasury, (2007), *Interstate Comparison of Taxes 2007-08*, NSW Treasury, November, available on the NSW Treasury website

Hotel Gaming Machine Tax Rates

<i>Profit</i>	<i>Current Marginal Rates</i>	<i>Marginal Rates from 1 July 2000</i>
\$	%	%
Up to 25,000	15.0	5.91
25,001 – 400,000	25.0	15.91
400,001 – 1 million	35.0	25.91
In excess of 1 million	40.0	30.91

- For club gaming machine operations the marginal tax rates were reduced as shown below.

Annual Club Gaming Machine Tax Rates

<i>Profit</i>	<i>Current Marginal Rates</i>	<i>Marginal Rates from 1 July 2000</i>
\$	%	%
Up to 100,000	0.00	0.00
100,001 – 200,000	1.00	0.00
200,001 – 1 million	20.00	10.91
In excess of 1 million	26.25	17.16

- Because it was not possible to effect a full GST offset by adjusting State tax rates, registered clubs still paid more in total tax (including the GST) under the revised State tax structure than they did previously. While the State Government was not obliged under the IGA to provide additional assistance to clubs to offset this increased tax burden, the Government recognised that this burden could cause financial difficulties for a number of clubs in the short-to-medium term.
- The Government provided registered clubs with transitional assistance payments. To avoid ongoing administrative costs, these payments took the form of a single payment to each club representing the estimated present value of additional tax liabilities to 30 June 2004 based on each club's gaming profits for the assessment year to 30 November 1999
- The payment was included in New South Wales' Guaranteed Minimum Amount for purposes of calculating the Budget Balancing Assistance payments from the Commonwealth.

Other Gambling and Betting

- For Keno operations the basis of taxation changed from subscriptions to player loss (total amount wagered less return to player) and tax rates reduced to offset the GST.

Keno Tax Rates

<i>Profit</i>	<i>Current Rates General Games* (subscription basis)</i>	<i>Current Rates Heads or Tails# (subscription basis)</i>	<i>Equivalent Current Rates All Games (profit basis)</i>	<i>Rates from 1 July 2000</i>
<i>\$</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Up to 86.5 million	4.5	3.6	18.0	8.91
Above 86.5 million	6.0	4.8	24.0	14.91

* *Player return is minimum of 75%*

Player return is minimum of 80%

- For NSW Lotteries operations, the general duty rate on all licensed products reduced from 15 percent to 10.95 percent.

ATTACHMENT B

2003-04 Budget Annual Club and Hotel Gaming Duty Rates

Club Gaming Duty Rates ^(a)					
	<i>Up to \$200,000</i>	<i>\$200,001 to \$1,000,000</i>	<i>\$1,000,001 to \$5,000,000</i>	<i>\$5,000,001 to \$10,000,000</i>	<i>\$10,000,001 to \$20,000,000</i>
Rates from 1 September (%):					
2004	0.0	10.8	18.3	19.7	20.4
2005	0.0	10.7	19.4	22.3	23.7
2006	0.0	10.5	20.5	24.8	26.9
2007	0.0	10.4	21.6	27.4	30.2
2008	0.0	10.3	22.8	29.9	33.5
2009	0.0	10.1	23.9	32.5	36.7
2010	0.0	10.0	25.0	35.0	40.0

^(a) For gaming profits higher than \$1 million, rates shown are before the 1.5 percentage point Community Development and Support Expenditure (CDSE) Scheme duty rate reduction. Under the CDSE, marginal duty rates on gaming revenue above \$1 million are reduced by 1.5 percentage points if clubs contribute 1.5% of gaming revenue in excess of \$1 million to eligible community projects.

Hotel Gaming Duty Rates						
	<i>Up to \$25,000</i>	<i>\$25,001 to \$200,000</i>	<i>\$200,001 to \$400,000</i>	<i>\$400,001 to \$1,000,000</i>	<i>\$1,000,001 To \$5,000,000</i>	<i>Above \$5,000,000</i>
Former marginal rates (%)	5.91	15.91	15.91	25.91	30.91	30.91
Rates from 1 July (%):						
2004	5.8	15.8	17.2	26.5	31.5	33.6
2005	5.7	15.7	18.5	27.1	32.1	36.4
2006	5.5	15.5	19.8	27.7	32.7	39.1
2007	5.4	15.4	21.1	28.2	33.2	41.8
2008	5.3	15.3	22.4	28.8	33.8	44.5
2009	5.1	15.1	23.7	29.4	34.4	47.3
2010	5.0	15.0	25.0	30.0	35.0	50.0

ATTACHMENT C

Current Annual Club Gaming Duty Rates

Club Gaming Duty Rates ^(a)						
	<i>Up to \$200,000</i>	<i>\$200,001 to \$1,000,000^(b)</i>	<i>\$1,000,001 to \$5,000,000</i>	<i>\$5,000,001 to \$10,000,000</i>	<i>\$10,000,001 to \$20,000,000</i>	<i>Above \$20,000,000</i>
Rates from 1 September (%):						
2006	0.0	10.0	21.0	25.5	27.7	27.7
2007	0.0	0.0/10.0	21.0	26.0	29.0	30.9
2008	0.0	0.0/10.0	21.0	26.0	29.0	30.9
2009	0.0	0.0/10.0	21.0	26.0	29.0	30.9
2010	0.0	0.0/10.0	21.0	26.0	29.0	30.9
2011	0.0	0.0/10.0	21.0	26.0	29.0	30.9

^(a) For gaming profits higher than \$1 million, rates shown are before the 1.5 percentage point Community Development and Support Expenditure (CDSE) Scheme duty rate reduction. Under the CDSE, marginal duty rates on gaming revenue above \$1 million are reduced by 1.5 percentage points if clubs contribute 1.5% of gaming revenue in excess of \$1 million to eligible community projects.

^(b) From 1 September 2007, duty on gaming revenue between \$200,000 and \$1m will be paid only by clubs with gaming revenue greater than \$1m a year. To avoid a sharp jump in the effective marginal duty rate when revenue exceeds \$1m, the benefit of the tax-free threshold between \$200,000 and \$1m will be reduced dollar for dollar for revenue above \$1m. When gaming revenue reaches \$1.8m, clubs will pay duty on the full \$800,000.

ATTACHMENT D

Calls to G-Line – August 1999 to present

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
1999	0	0	0	0	0	0	0	825	703	627	705	563	3423
2000	815	893	920	803	976	1220	1286	1457	1135	1162	1102	825	12594
2001	874	912	1108	897	1134	1058	1098	1104	953	1002	982	773	11895
2002	850	875	1059	1027	931	933	1037	1079	918	1040	1539	1035	12323
2003	950	1425	1200	1012	967	960	918	873	910	932	799	909	11855
2004	1175	1072	1174	1080	1056	947	959	944	903	817	934	713	11774
2005	769	714	778	844	885	913	957	933	864	883	735	581	9856
2006	743	736	760	697	806	744	866	912	764	805	889	570	9292
2007	702	677	757	742	932	723	620	699	650	588	505	453	8048
2008	519	546	547	542	547	533	558	567	639	568	527	502	6595
2009	516	425											941
Total													98596