

**INTERCHURCH GAMBLING TASKFORCE
RESPONSE TO THE PRODUCTIVITY
COMMISSION DRAFT REPORT ON
GAMBLING**

SEPTEMBER 1999

GAMBLING IN CULTURE, SOCIETY AND COMMUNITY.

Facts surrounding gambling:

- *Profitability* - "in 1997-8 gambling businesses generated over \$11 billion in net takings and \$650 million in commissions." (2.10)
- *Community attitudes* - "Nevertheless, even among regular gamblers, a significant majority consider that gambling does more harm than good for the community." (9.19)
- *Problem Gambling* - "there is sufficient evidence from many different sources to confirm a significant connection between greater accessibility - particularly to gaming machines - and the greater prevalence of problem gambling"
- *Age of the industry* - "Two decades ago the main forms of gambling in Australia were betting on horse racing, lotteries and raffles....Today, the range of gambling products have expanded....Gambling revenues have doubled over the decade...Growth has been driven by the gaming sector, where expenditure has grown from \$1.3 billion in the early 1970s to over \$9 billion in 1997-8" (2.15)
- *Future expansion* - "Competition for the gambling dollar has intensified...Competition within the gambling industry is likely to increase further." (2.19)
- *Saturation and access* - Australia contains over 20% of the world's EGMs (Table 2.1), "About 80% of Australian adults participate in gambling" (3.1), and "Most

Australians...are in close proximity to outlets for gaming machines, TAB and lotteries." (8.4).

- *Prevalence of problem gambling* - "around 330 000, or 2.3% of adults, have significant problem with their gambling" (6.1); "On average, around seven other people were reported to be adversely affected by a problem gambler's behaviour" (7.1).

Resulting situation:

- A rapidly expanding, increasingly competitive, and primarily self-driven industry seeking further opportunities to increase profitability, accessibility, and appeal of its products, and often with the implicit support of state governments, receiving significant revenue from gambling activities.
- A community generally opposed to the widespread expansion and presence of gambling, deeply concerned over problem gambling and the increase in gambling expenditure, and with no apparent demand for an increase in gambling products. Accessibility is already deemed more than suitable with most having ready access to many gambling opportunities.
- Over 18% of the population being adversely affected by problem gambling, and with the figure increasing in parallel with increased accessibility and the growth of the industry.
- Future potential for the gambling industry to grow even further through changing regulatory frameworks, new technologies, and the globalisation of the gambling industry.

This combination of factors, including the high profitability of the industry, the saturation of gambling opportunities (especially EGMs), the significant growth in problem gambling (especially in new populations), overall community disapproval and the relative youth of the industry means it is imperative that **measures be taken to further regulate and control the gambling industry, both in terms of harm minimisation for gamblers, and in the general pervasiveness of gambling in society (ie. access, opportunities, promotion, and the gambling culture).**

Observing this expansion and the continued industry requests for lower degrees of regulation, lower taxes, and an increase in their ability to promote and expand themselves, it is difficult to reconcile this with the majority disapproval of gambling in the community overall. Subsequently it is apparent that the demand for expansion is being driven by the industry, in a scenario where initial increase in supply of the product leads to a subsequent demand to match that increase, through issues such as promotion, accessibility, reduction in other social activities, and the addictive nature of the product. Much of this apparent community demand appears to be initiated and sustained through misperceptions regarding the true nature of gambling. Therefore, **stricter controls on gambling products (to eliminate misperceptions), and lower degrees of accessibility of products will not be likely to result in a large community demand remaining unmet. Further controls are also something that as a whole the community is going to be unlikely to protest against, and in the large majority of cases, welcome.**

With the relative youth of the gambling industry (especially in some states), it is prudent to **maintain controls and restrict further growth of the industry until the full impacts of gambling on the community can be established and have surfaced in their entirety.** It is quite possible that the apparent demand for gambling may fade in the near future, as has been experienced in other countries, which may result in significant

investment made by venues based on gambling revenue becoming unsustainable. It is also too early to determine what full impact gambling will have on community norms and ethics, which may have significant effects on social cohesion. Until it can be observed and determined how significant these effects will be, it is unwise in the nation's interest to permit or encourage further expansion of the gambling industry.

EGMS AND EGM PLACEMENT

Electronic Gaming Machines are the source of greatest concern and pose the greatest danger in terms of gambling abuse and problem gambling. Their high profitability, easy access, and inherent misperceptions surrounding EGMs result in a large ability to extract large amounts of money from a significant proportion of the population cannot be ignored, and must have significant policy and regulatory implications.

The discussion surrounding the improvement of EGMs and the venue environment to avoid problem gambling behaviours developing and continuing is fully supported by the Taskforce. However, there are some broader implications which at this point are necessary to further discuss and clarify.

- The Cap and the Duopoly

The two-fold issue of the statewide 27500 cap on EGMs and the nature of the two corporation provider system is a uniquely Victorian issue, and one of significant debate. Being a somewhat complicated and unique situation, there are a number of interpretations to the motivations and outcomes of this system, and it is important to try and clarify this issue as clearly as possible to avoid making unwise recommendations based on misunderstandings or biased interpretations.

In many submissions made to and discussions held with the Productivity Commission in the course of this investigation, there has been strong argument made by all segments of the industry against the present statewide cap, and this has been combined with strong arguments made by clubs and hotels especially against the

present duopoly system in conjunction with the cap. However, in many of these discussions and submissions the concepts of the 'cap' and the 'duopoly' have been confused, with terms often being used interchangeably. Therefore, the Taskforce wishes to further clarify its position and attempt to decode the present situation.

The 27,500 statewide cap on EGMs

It has been accepted by the Commission and the Taskforce, as well as many other bodies that the cap on EGMs is by no means an effective tool in controlling problem gambling and gambling abuse. Many in the industry have gone as far as to state that the cap has contributed to problem gambling by forcing a concentration of machine into high profit, high abuse areas, and that possibly "the government keeps the attentions of those in Victoria who are concerned about problem gambling focused on the cap, and distracts them from the real issue, that is the money spent on the machines that are there."¹

However, while the cap has limited effectiveness, it has not been the cause of these problems. This is apparent because if the cap were to be removed entirely, there is no evidence or logic that there would be a reduction in machine numbers in high profit, high abuse areas, but rather there would most likely be a significant increase in these areas, as well as in all other areas of Victoria, as providers simply seek as much revenue as could be feasibly extracted, and all venues that wanted EGMs would be able to get them. There is also no reason why the providers would not seek to drive the machines as hard as they do now, for the harder they are driven, the better the return on their investment, which makes pure economic and business sense. Also, the cap has only begun to affect the industry in the last couple of years, while the other difficulties claimed by the industry have been apparent for some time previous to this.

¹M. Kearney, Clubs Victoria, Productivity Commission Hearing 1/9/99, p 1306.

The Tattersalls - Tabcorp Duopoly

The duopoly is another regulatory measure in Victoria which has been far from effective in controlling problem gambling and gambling's negative consequences. Criticisms from hotels and clubs have focused on their comparative turnover practices which have resulted in smaller venues with smaller turnovers losing machines to large, high extraction venues, and stringent promotional requirements. While it is doubtful that the duopoly systems has done much to prevent negative consequences and the incidence of problem gambling, it has regulatory advantages in only having to deal with two providers of EGMs, and this can lead to an easier and more effective application of harm minimisation and prevention measures once the regulatory frameworks have seen the need and been motivated to require these measures.

There has been a strong demand from clubs and hotels for the dismantling of the duopoly system with a move to individual ownership of EGMs by the venues themselves. Arguments have often been based on issues of problem gambling and negative consequences, stating that these modifications would result in "the product be(ing) delivered in the most beneficial way to the vast majority of those who enjoy it, while minimising the costs to those who don't."², increasing the responsibility of delivery, and the level of pastoral care in venues. However, there is little evidence to support these predictions, and the experiences of most other states tends to agree in that where EGMs exist (regardless of the provider system) significant problems and negative consequences occur, and there is majority community concern over gambling as a whole, of which EGMs form the largest proportion.

²ibid, p 1305.

The arguments for the dismantling of the duopoly system subsequently are driven primarily by the desire in the industry that all clubs or hotels may be able to share in gambling revenue through their own EGMs. This is an issue surrounding competition, fair trade and the marketplace, but have little or nothing to do with minimising the social and economic costs of gambling on the community.

The NSW Experience

Many arguments against the present EGM framework in Victoria have used the NSW experience to support the call for cap and duopoly demolition. However, there are a number of reasons why such arguments are not as supportive as indicated:

- the NSW gambling industry is much older and has developed over a very long period of time, allowing the community to adapt slowly to poker machines and EGMs and for negative consequences and problem gambling to be observed emerging of this long period.
- the industry did not have the very rapid introduction and government-supported promotion of the Victorian experience, which was a result of government forces and promotion rather than as a consequence of the cap or the duopoly structure.
- NSW still has the highest EGM expenditure per adult as well as the highest problem gambling rate.
- other difficulties are experienced in NSW, with conflict with the principles of mutuality, as well as the development of large super-clubs which have become in essence, small EGM casinos and where gambling appears to be the primary purpose for the club's existence.

- regardless of arguments for the NSW model and any apparent benefits it may have had if adopted from the beginning, Victoria now has an established gambling industry, and solutions for harm minimisation and prevention must be developed according to the present situation, not by another state's experience. Adopting another state's system following the existing framework could easily result in a combination of the negative consequences of both systems.

Future Directions:

In the light of the previous discussion, there are a number of opportunities and challenges that can be used to improve the present cap and provider framework in terms of social and economic effects.

1. On the Cap:- the development of a multi-tiered structure of caps, combined with the power and knowledge of local government, would intend to allow the positive consequences of the cap to be maintained and enhanced, while also improving the overall spread of EGMs in the state and the equity surrounding a club or hotel's access to EGMs. In this structure, there would be the following:

- Regional caps - designed to avoid the over-saturation of poorer communities with EGMs, and to allow venues in lower-turnover areas to gain access to a pool of machines allocated to that area, regardless of apparent demand or lack of it. This cap would preferably be based on a set EGM:person ratio.³

³ As discussed later in more detail later, regionalisation of the cap and the subsequent more even spread of EGMs has the possibility of increasing the overall problem gambling rate, as the increase in the problem gambling prevalence rate in areas with low accessibility may be higher than any resulting decrease in problem gambling rates from more saturated areas. However, the aim of a regional cap is primarily to make gambling losses more equitable across communities and diminish the severe impacts experienced on a few poorer communities or municipalities.

- Venue caps - designed to avoid the construction of 'super-venues' and the subsequent consequences in terms of a lower duty of care, mutuality, and the possible corruption in the aims of clubs in particular.⁴
- Price caps - particularly aimed at limiting the impact of problem gambling while have insignificant consequences on recreational gamblers enjoyment of the activity.
- Veto powers of local government – most importantly, any combination of caps or regulatory framework needs to be combined with enhancing and protecting the powers of local government to veto further gambling venues and increases in EGM numbers, if they believe there is sufficient reason to do so in terms of social and economic impacts or the prevalence (or likely prevalence) of problem gambling in the municipality. This is by far one of the most important and effective of all regulatory measures.⁵

2. *On the Duopoly*:- scope for improvement in the performance of the provider system of EGMs in Victoria lies primarily on the comparative turnover practices currently undertaken by Tabcorp and Tattersalls. While the cap and duopoly come under attack from many in the industry, it is accepted that these comparative turnover practices are the centre of the argument, and should be examined and modified before the cap or the duopoly are brought into question. This may involve:

⁴However, (venue cap) * (# of venues in a region) < (regional cap). This should be so in order to encourage and maintain EGM free venues. The existence of EGMs in all clubs and hotels is a significant risk in problem gambling behaviour in that a problem gambler (or any individual for that matter) becomes unable to go to a club or hotel without being faced with the temptation to gamble. It also encourages certain clubs and hotels to seek other ways to expand their business without relying on gambling revenue, which shall be discussed later.

⁵ Common sense prevails with this point, as local government is the authoritative body closest to the community and the experience of the negative consequences of gambling. Therefore, any effective regulatory framework must return the right for local government to protect and serve their own communities.

- establishing an independent monitor who, in close conjunction with local government, can decide the placement of according to social and community concerns, as well as according to economic and market forces.
- setting certain time periods within contracts for which venues can be guaranteed EGMs.
- establishing waiting lists of venues, and in which all venues have an equal right to a certain number of EGMs when their turn comes.

These are a few simple ideas developed through a basic analysis of the situation. Further research and examination of the comparative turnover practices would be the first initial step in developing an improvement in the contractual arrangements of EGM provision in Victoria.

• The Position of Clubs

The position of clubs in all states is a difficult one, and in the Victorian experience, we have already discussed the grievances that clubs have raised concerning the regulatory framework.

With the increased promotion and spread of gambling throughout the community, the pressure on clubs to grab hold of this revenue source is hard to resist, regardless of questions raised concerning the long-term stability of that revenue source or the moral and social responsibility of gambling in a community-based facility. Unfortunately, as noted in the draft report, both a cause and consequence of the spread of gambling has been the reduction in other entertainment and social opportunities in the community.

Therefore, rather than submitting to the continued expansion of the gambling industry and culture at the sacrifice of other activities within the club environment, there are a number of alternatives that are worth giving further examination and consideration:

- the regulatory modifications mentioned previously concerning the caps and the duopoly to reduce pressure on clubs with EGMs to perform financially.
- the encouragement of non-gambling clubs to improve and expand their activities and community facilities and seek continued feasibility through an improvement in the primary club activities, rather than surrendering to EGMs to prop up the club and its other activities.
- the possible use of the Community Support Fund to support and encourage clubs so that they need not rely on EGMs to ensure their survival. In this way, just as gambling in clubs who choose to use them supports that club's own activities, the revenue received also supports those who choose not to adopt gambling. This therefore fosters and encourages the growth of social and community activities,

supports, and programs, which is a deep need in Australian society, and allows clubs to face the challenges of today and meet these needs in a healthier, less problematic, and more sustainable way.

PROBLEM GAMBLING

The sections of the draft report dealing with the issues of and surrounding problem gambling are substantial, extensive and well researched. In the light of the findings of the report, the Interchurch Gambling Taskforce wishes to highlight and clarify the following issues:

- Problem Gambling and Accessibility

The InterChurch Gambling Task Force welcomes the analysis of accessibility offered in the draft report (pp. 8.3 – 8.7), which recognised the complex interaction of factors which affect accessibility to gambling. However, the Task Force is concerned that the plots of gambling expenditure per adult versus problem gambling prevalence rate presented in the report (pp.8.8-8.9, 8.12) are not a meaningful way to quantify the relationship between problem gambling prevalence and accessibility to gambling.

The low R^2 values given in Table 8.2 indicate that no simple correlation of gambling expenditure per adult versus measure of problem gambling prevalence rate can take account all the factors governing accessibility to gambling or problem gambling. For example, it would appear that the data reveals that Tasmania's relatively low prevalence of problem gambling is related to the fact that EGMs are only accessible at two casinos within that state. South Australia has a similar rate of problem gambling prevalence to Victoria and NSW, despite having gambling expenditure per adult of only approximately 60% of those states. However, like Victoria and NSW, South Australia has EGMs widely accessible throughout the state. The Task Force would therefore recommend that the data presented in the plots of gambling

expenditure per adult versus problem gambling prevalence would be better represented as bar charts, without attempts to fit correlations to quantify the relationship. The difference in problem gambling rates between states is a result of the many factors affecting accessibility to gambling forms, although it should be acknowledged that accessibility to EGMs appears to be a dominant factor in the prevalence of problem gambling.

While expressing concern that the plots of gambling expenditure per adult versus problem gambling prevalence over-simplify the issue of accessibility, the Task Force notes that a log regression model provides, in general, a better fit to the data than a linear model. The Task Force is therefore open to the possibility that the **rate of increase** in problem gambling prevalence decreases as accessibility to gambling forms is increased. In other words, increasing accessibility to gambling forms in an area with low existing accessibility may result in a higher proportion of problem gamblers than further increases in accessibility to gambling forms in an area that already has high accessibility.

The issue is important in Victoria where gambling machines are concentrated in areas with lower than average incomes and a possible redistribution of EGMs is being considered. Such a redistribution may result in a net increase in problem gambler numbers, as the increase in the problem gambling prevalence rate in areas with low accessibility, after the redistribution, may be higher than any resulting decrease in problem gambling rate from areas where EGMs are removed from. However, at the same time the issue of economic drain from communities least able to afford gambling losses must also be considered, as discussed on pages 9.34 – 9.41 of the draft report. Therefore, while a redistribution of EGMs may be desirable on the basis of a fairer distribution of the economic impacts of gambling, it may result in a net increase in the number of problem gamblers. Therefore, the Task Force would strongly urge the Productivity Commission to recommend that local councils have

the right to veto further gambling venues and increases in the number EGMs, and to even allow for the removal of EGMs, in their region if they can:

- substantiate negative social and economic impacts; or
- a likely increase in the prevalence of problem gamblers within the region.

By such a measure the gambling industry and the State Government will have the onus placed upon them to ensure that consumers are appropriately protected from becoming problem gamblers and that losses from gambling are returned for the benefit of the local community.

- Harm minimisation and harm prevention

There is a great deal of research and analysis into areas and means of harm minimisation in the draft report, which is excellent for the purposes of minimising the harm gambling does to problem gamblers. However, this requires to be balanced with means of discouraging and restricting gambling activities and accessibility in the first place, which can be seen more as a form of harm prevention.

The primary advantage in legislation of harm minimisation strategies is that it is an approach which does help reduce the level of harm caused by an activity, while not having to significantly limit the industry or its expansion, or effect those who, as yet, have not been caused harm by the activity. Therefore, harm minimisation strategies achieve some positive social and economic results, while not having to deal with industry or wider community backlash at tighter controls on such activities.

However, when examining the spread, not only of problem gambling, but of heavy (possible excessive) gambling activities in the community, in conjunction with overall community disapproval and concern regarding gambling activities and venues, and of

the increasing profitability of the industry, there remains significant scope for further research into and introduction of stronger harm prevention measures. The primary advantages of such measures is that problem gambling is addressed even before it has begun, and allows the cultural and social messages in the community to match those given to the problem gambler.⁶ It also assists in offsetting the costs of excessive gambling by some sectors (which may not be defined as problem gambling, but still may have significant community effects), as well as allaying community fears about the costs of gambling.

Therefore, in conjunction with the excellent examination of harm minimisation strategies undertaken in the draft report, a **further examination of the feasibility and effectiveness of a number of harm prevention strategies is required to provide a comprehensive and broad-based approach to combating the negative social and economic effects of gambling in the community.**

⁶A difficulty with a sole focus of harm minimisation is that a problem gambler receives a number of messages about the dangers of gambling whilst in the venue and gambling, but in the broader community is confronted with positive, wholesome messages about the benefits of gambling as a form of recreation.

• Role of Misconceptions

On page 4.10, we observe the introduction of the concept of misperceptions by consumers, poor information and misleading advertising regarding gambling products. The Taskforce believes that these misperceptions have played a major role in the expansion and profitability of the gambling industry as well as the disturbing spread and increase in problem gambling and gambling abuse.

These misperceptions have occurred in a number of forms:

- Gambling advertising which strongly features the concept of 'everybody's a winner', and that to gamble results in one being better off socially, financially, and emotionally.
- Anti-gambling advertising which maintains gambling as a wholesome, enjoyable and valid form of entertainment which just happens to be misused by a few people.
- The format of statements of odds which meet the requirements of giving an individual odds on certain games, but which are designed in such a way to encourage further gambling by emphasising the chances of winning, rather than other concepts such as the 'average cost per hour' or the fact that 'this machine/game will take more than it returns'.
- The ability to reserve a particular EGM in a venue, which supports the widespread misperception that 'it is just a matter of time before a machine pays out...' This is a particular strong misperception, where people see EGMs as essentially large containers which fill up with money, and therefore must eventually pay it all out. Gamblers do not observe or are not fully aware of the fact that it is continually being emptied of its contents from the other side.

- Misperceptions based on luck, folklore, or superstition. These are widely varied and subsequently not as simple to deconstruct. However, simple education about probability and chance can achieve a great deal.

- The belief that to win at gambling is to win at the industry's expense, instead of realising that the amount of money won by an individual is the same amount that has been lost by others, as well as the other money lost which has gone into profit and expenses.

Any harm minimisation or prevention strategy to combat negative consequences of gambling must involve a deconstruction of these misperceptions in its early stages, for it is these misperceptions that play a major role in the negative effects of gambling and are often harvested and built upon by the industry in its promotion and expansion. Misperceptions are as broad and as varied as those who partake in gambling activities, and therefore cannot all be addressed individually. However, there are a number of strategies which need to be examined and considered in attempting to deconstruct and de-mystify the gambling activity.

- **Simple education of the principles of probability and chance.** On page 3.17 it is stated that "those with CAE or university qualifications have relatively low participation rates in gambling (on any product)", and it is likely that better understanding of laws of probability mean that misperceptions are not as common or as persuasive in this population. Therefore, through education many a broad variety of misperceptions can be deconstructed, and subsequently allow people to gamble purely for entertainment's sake, rather than under false assumptions of potential returns or in the chase of losses, etc.

- **Clearer statements of odds which focus on losses rather than winnings** (which is totally appropriate since all gambling types are based on the concept that, on average, gamblers will lose more often than win), as well as on concepts of 'cost per hour', etc., especially on EGMs.
- **A strong code of conduct** relating to gambling advertising to prevent the 'everybody wins' mentality, or a restriction or prohibition in gambling advertising altogether.
- **Prohibition of practices which support misperceptions**, such as the ability to reserve machines, etc.

ECONOMICS OF GAMBLING

In terms of the economic analysis of gambling, its costs and its benefits, the Taskforce is unable to comment to deeply on the extensive research contained within the report, but believes it necessary to briefly discuss some issues relating to this section of the report. This is primarily in terms of whether gambling is to be treated like any other product in the marketplace, and subsequently whether the normal economic principles are applicable in describing and quantifying the situation. In this, there are a number of issues which we believe would benefit from further analysis and examination, and which we shall discuss briefly.

- *The robust demand for gambling:-* On page 5.2 it is stated that 'demand for gambling is apparently robust in the face of changes in price, implying that consumers place a high value on their ability to consume gambling products.' However, the Taskforce believes that the assumption of this implication cannot be immediately justified until some further concepts are examined. These include:
 - the effect of misperceptions surrounding gambling as previously discussed, which make changes in price not so obvious to consumers,
 - the conflict of this statement with the significant community disapproval of gambling, and what this signifies,
 - whether this indicates an addictive nature of the product,
 - the extensive promotion of the industry (including by the government in Victoria) and its expansion as a still young industry,

- the apparent lack of demand for gambling products where they do not presently exist, but the demand from venues wanting EGMs.⁷

Therefore, **it is recommended that issues relating to demand of gambling products are examined in more detail before we can make market assumptions regarding the demand for gambling products.**

⁷This is clearly stated in the Commission's discussions with Clubs Victoria (1/9/99, p 1315 of transcript) "...you've considered the consumer and you've considered the supplier, in our case Tatts and Tabcorp, but **we demand machines.**"

INTERNET GAMBLING

The potential for negative consequences that the Internet poses in terms of gambling cannot be ignored, dismissed or minimised. The possibilities in terms of expanding the gambling audience, increasing accessibility, reducing accountability, and exacerbating existing and emerging situations of problem gambling mean that this is an arena which must be treated with utmost caution, and where promoting free trade and competition in cyberspace could result in severe and widespread negative social and economic consequences. This explains the recent decision by the United States to prohibit the licensing of Internet gambling, despite intensive lobbying by the gambling and internet industries.

The Taskforce has already submitted a document to the Productivity Commission dealing specifically with the issue of internet gambling. However, at this point we wish to clarify the potential effects and inherent difficulties in the introduction of Internet gambling, in light of the section of the draft report dealing with this issue.

- *Accessibility:-* At the present stage, to take part in a gambling activity an individual has to physically get up and go to a gambling venue (with the exception of phone betting). Due to the spread of EGMs, this trip need not be to the casino, but simply down the road to the closest gambling venue. There have already been significant concerns regarding this ease of accessibility of gambling products and the danger that it poses, particularly in shopping strips and centres, which has led to the prohibition of gambling venues in enclosed shopping centres.

With the present potential of internet gambling, this degree of accessibility could be regarded as almost insignificant in comparison. By 2000, it is estimated that over 2 million homes will have internet access; computers with internet access are becoming

cheaper and being made more available through leasing packages, and it is likely that Australia will follow the US trends where over 40% of homes already have Internet access, on top of the access many individuals have to the internet in the work environment. And in each home there will often be more than one individual, and in many cases, a number of children, and in at least 2% of cases, problem gamblers.

It is not difficult therefore to begin to comprehend the exponential increase in accessibility that this will result in, not only in terms of the physical, but in terms of opening hours, ease of entry, ease of play, no queues or waiting periods, minimising of social stigma attached, and the ability to fit gambling into small portions of time.

As mentioned previously, the present level of access to gambling products is already an issue of deep concern to all bodies dealing with problem gambling and gambling abuse. It is an issue which has also been dealt with by government in the prohibition of gambling in shopping centres where the exposure to people in the course of their daily lives was considered inappropriate. However, with the advent of internet gambling, this degree of exposure returns in a far more prominent and threatening manner, as gambling now does not require extra time out of the house, and can be carried out in much more privacy. The consequences of present levels of access are still being uncovered and the negative effects are still making themselves known. This raises severe questions on whether Australian society can handle a further massive increase in gambling accessibility, and what the consequences of this will be in a few years time.

- *Effect on children:-* the understanding that a minor is unlikely to be gambling on the internet (17.17) because they will be unable to collect any winnings underestimates the potential danger that internet gambling poses for young people. While this is one aspect of the negative aspects to internet gambling, there are many more which are much harder to control and restrict.

- *Rehearsal*:- with most internet gambling sites there is the opportunity for an individual to play the games without actually betting any money. This is subsequently most often exempt from the need for identification or age restrictions. While seemingly harmless, it is establishing patterns of behaviour and an acceptance and familiarisation with internet gambling that will, on becoming an adult and legally able to gamble 'for real', allow individuals to already be conditioned to this form of gambling. This is one aspect of the increased accessibility, in that the games will already be familiar, as will the environment and surrounding procedures. Also, this poses a danger in that after years of playing without money, this could create a false sense of security in young people, and lead them to a greater sense of self-confidence, resulting in significant losses.

- *Observation*:- in conjunction with the concept of rehearsal, is that of children's ability to observe gambling behaviour in the home. This works and can affect a child on two levels: (1) In observing a parent or older sibling's gambling behaviour the concept of gambling and the games become familiar, and the social acceptance of the activity is increased, and (2) in families where there are difficulties with money and gambling, patterns can be observed where gambling is used either as a hopeful means to financial security, in an attempt to meet an overdue bill, or as an escape in times of stress or depression. Such patterns being observed could quite probably lead to these negative approaches and attitudes being modelled by children and activated in their adult lives. ⁸

- *Difficulty of control*:- The extreme difficulty in attempting to control and restrict the gambling of minors must be fully analysed and understood, as it is not as simple as initially may seem. The concept that simple identification measures

⁸This concept is exacerbated by the combined effect of minors being most often the most computer literate and most comfortable with the technology, with the issue of younger people being over-represented amongst problem gamblers, and subsequently, more prone to problem gambling behaviours.

such as credit card or driver's licence numbers is adequate in insufficient, for most minors have ready access to a parent's, sibling's or friend's details that could then be used. This is complicated by the fact that most minors (due to the nature of the technology) have a better grip and understanding of computers and the internet than many adults, and spend more time on them.⁹ However, there are measures which can be put in place to effectively eliminate the large majority of underage internet gambling, and these have been discussed in previous submissions.

The issue of **internet gambling clearly requires further examination, both of the feasibility and effectiveness of means of restriction, the option of prohibition, as well as the potential effects on problem gambling and gambling abuse, access and expenditure.** The Task Force recommends 2 immediate strategies:

- 1. Restrictions on Financial Institutions processing withdrawals and credits carried out via Internet gambling on all Australian sites.**
- 2. Making illegal service providers connecting to Internet gambling sites**

⁹An example of this complication is in the requirement that when establishing an account, one receives these details by their own email address, which should then theoretically alert a parent or adult of a minor's activities. However, due to the computer literacy and ability of most young people and the amount of time they spend using such technology, it is quite possible that this could be easily hidden and kept from adults' knowledge.

ROLE OF THE REGULATOR.

With regard to the role of the regulator in any framework relating to gambling, the Interchurch Gambling Taskforce, wishes to reaffirm concerns in the following areas:

- The independence and authority of the regulator:- in the draft report there is much discussion surrounding the role of the regulatory body. Specifically, on page 21.22, there is a detailed discussion of the importance on independence. In the light of this discussion and the subsequent advantages of the full independence of a regulator, the Taskforce believes that **the independence of all regulatory bodies needs to be analysed, evaluated, and encouraged**, including in the Victorian situation, the VCGA. Only a truly independent regulator who can act freely and according to requirements of the Act and the needs of the community can be expected to effectively and fairly administer any gambling regulatory framework.
- The separation of the research function from the regulator:- the commission has stated in the draft report that ‘on mechanism for helping ensure that (generating and disseminating good quality, policy-relevant information) happens is to take responsibility out of political or industry hands and make it the responsibility of the independent control authority’. Subsequently, it remains inappropriate at the present time that the Victorian regulator remains the primary body responsible for research, and the quality and quantity of that research gives evidence as to the severe difficulties experienced when regulatory and research functions are combined. Subsequently, there is a **need for a separate research entity to be created, free to focus their efforts on accurate and relevant information**, and to free the regulator to focus on the job of regulation.

- The ability of the regulator to award substantial fines where breaches:- keeping in mind the appropriate degree of separation of control and enforcement in this area, there is a need in the regulatory framework to **further refine the system so that the enforcement function can be carried out efficiently and fully, with full powers to monitor, investigate, and prosecute breaches of the regulations with substantial fines**, in line with the turnover and potential profits of the gambling industry.
- The relationship between the regulator and local Government:- as discussed previously, the power and role of local government needs to be enhanced in any regulatory framework designed to effectively control the negative consequences of gambling and the growth in problem gambling. Therefore, it is further required that the **relationships between the regulator and local Government be analysed and enhanced, so as to increase the voice and influence of local Government on gambling regulatory processes.**

THE FUTURE OF GAMBLING AND GAMBLING CONTROL

- Advertising

The role that advertising has played in reinforcing misconceptions surrounding gambling has already been discussed previously. However, it is worth mentioning again at this point that there is a clear need for further analysis of the role advertising has played in expanding and promoting the gambling industry, as well as the prevalence of problem gambling, and how it has reinforced particular misconceptions surrounding the gambling activity. With the present profitability and expansion of the industry, it is also worthwhile to consider the **possibility of stronger restrictions, stringent codes of conduct, or a possible prohibition in all or certain types of gambling advertising**. This has consequences both in harm minimisation and harm prevention, as both present and potential gamblers become less confronted with the temptation and misperception of gambling.

Along with this, there is a need for a thorough **examination of existing anti-gambling advertising (both in the wider community and in the venues themselves)** to examine their effectiveness and their contribution (or lack of) in combating misconceptions about gambling.

- Social and Recreational Opportunities

As briefly touched upon in the discussion surrounding clubs, in any policy framework designed to reduce the harm of gambling in the community, there is a need to partially take the focus off gambling itself and examine one of the primary causes of the present scenario, being the lack of social and recreational opportunities in the community. This calls for a broader approach to the issue of gambling, and to pursue a course of action which examines the potential positive effects of creating new non-gambling recreational opportunities and centres of community life, which would work in conjunction with restrictions on the gambling industry to reduce the harm of gambling while still providing healthy opportunities for recreation and socialisation.

While many clubs maintain their non-gambling activities, many of these have been subsidised and subsequently are coming to rely on gambling revenue to keep them going. This therefore partially compromises the long-term feasibility and independence of these activities from the spread of gambling.

By establishing within a policy framework the expansion and development of community centres, social opportunities and healthy entertainment, one of the primary causes of the spread of and negative consequences associated with gambling (being lack of social and recreational opportunities) is able to be addressed. At the bottom line, this is about giving people choice about their recreational and leisure activities, without having to rely on gambling venues to provide activities for a significant proportion of the population who use their facilities regularly.

- Non-alcohol venues

The link between alcohol and gambling consumption has been well documented by a number of submissions, and has been mentioned in the draft report itself. Subsequently, **the potential and possibility of non-alcohol venues is one which should be further examined and analysed** as one of the tools to minimise harm, especially to those susceptible to problem gambling behaviours.

However, any discussion of opening of non-alcohol gambling venues needs to still take into account issues of accessibility and visibility, for it is clearly even more inappropriate if a move to non-alcohol venues resulted in opening the floodgates of new venues in all areas and municipalities.

- Redirection of gambling revenue

There are a number of aspects of redirection of gambling revenue which need to be examined in the development of a more responsible regulatory framework. Included in these aspects are:

- **Redirection of revenue to local government and municipalities**, based loosely on the expenditure being lost by that community to gambling activities, and the social and economic effects that this has on the local community and environment.
- **Financial support of clubs and hotels** that either choose to or are unable to obtain EGMs - through this the primary activities and social opportunities of clubs and hotels can be maintained without having to rely on EGMs within a venue and the subsequent corruption in the venues' aims.

- **Increased flows of revenue to health promotion advertising and marketing** (in order to at least partially match the expenditure of the industry on promotional advertising and marketing), as well as to areas of treatment, early intervention, and the promotion of gambling alternatives.

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