

THE PARADOX OF PERCEPTION

This Victorian AHA response to the Productivity Commission's draft report is being made because of reactions from government and the community that have caused severe repercussions for our members. There are three main areas of concern:

1. The Cap

The Victorian State Government has now announced a ten year cap on gaming machine numbers in Victoria which has a far reaching affect on our members.

Specifically in your key findings you state:

"The prevalence of problem gambling is directly related to the degree of accessibility, particularly gaming machines"

There are other references in the document entitled the Commission's Key Findings- dot points 5, 11, 12 and 13 - that have perpetuated an inappropriate demonising of a legitimate leisure activity and the imposition of a cap on gaming machine numbers in Victoria - a strategy which is totally ineffective as a harm minimisation tool.

It is an unfortunate fact that very few people read past the key findings page. Therefore most people do not come to understand, nor are they interested to understand, what is behind the key findings. The problem is that the casual reader takes these on face value and ignores the qualifications and logic which underlie the findings.

As a result of the comments in these dot points, and the controversial statistic which refers to the comparative percentage of gaming machines in Australia vis a vis the rest of the world, we

now have an unfair and ineffective gaming machine cap in Victoria. (Ineffective as a harm minimisation strategy). This reaction from government and the community is very unfortunate. It will do nothing to assist the problem gambling issue and simply extends an already unfair and unproductive protectionist restriction on trade in Victoria.

This also nurtures what I term a "paradox of perception". Everybody thinks that caps are something wonderful and, for some critics of the industry, some sort of victory. The reality is that there is no evidence which shows a correlation between problem gambling and machine numbers once the numbers are such as to give a substantial cover throughout the state.

Certainly if there were extremely limited numbers of machines available, then limited access would certainly reduce usage (maybe usage only by problem gamblers and probably the most aggressive of them). However this situation would create a huge inconvenience to the vast number of people who use the machines as a form of entertainment in a responsible manner. It is, in any event, quite clear from the comparison between Victoria and New South Wales that caps do not reduce the incidence of problem gambling. New South Wales and Victoria have virtually the same incidence of problem gambling and vastly differing ratios of machines to consumers. Your statistics show New South Wales with 97,890 and Victoria has just under 29,804 machines with problem gambling prevalence virtually the same.

Certainly there would be some degree of correlation between problem gambling and the introduction of machines where none had existed before. In my opinion, governments and the community understand that if you make a product such as gambling available you introduce a problem for a small section of the community - the same as was seen with the introduction of credit cards. It is clear, however, that there is no correlation between a reasonable number of machines and more machines. This is where the "paradox of perception" clicks into existence, and results in such damaging outcomes as caps on numbers of machines and unfair trading conditions.

In restricting gaming machine numbers unfair trading conditions are created with disastrous consequences for nearly 90% of our hotel operators. They are unable to compete with venues offering gaming products and in fact, they are, in many cases, having their businesses and livelihood destroyed.

The cynic would suggest that the cap has nothing to do with eradicating misuse of the gaming product. A cynic may think that the retention and, in fact, extension of our statewide cap is a means for the government to placate industry critics while avoiding the difficult issue of harm minimisation. Critics regard the cap as a victory and the government sees it as a means of appeasing the anti-gaming lobby and other critics. The cap does not solve problem gambling and does nothing to implement harm minimisation strategies.

Therefore we ask that the Commission, in its final report, corrects this "paradox of perception" by clearly stating the absence of correlation between Victoria's cap on machine numbers and the incidence of problem gambling.

2. Venue Size

You also make reference to the possibility of larger venues being better able to implement responsible practices. In Victoria the maximum number of machines permitted in any one gaming room is 100. When compared with other venues in some other states all Victorian venues are relatively small and all Victorian venues can implement responsible practices. Indeed it is possibly easier for a smaller Victorian venue with a more local knowledge of its patrons to be able to extend pastoral care on a more personal level. Our experience in liquor certainly shows that all hotels in Victoria have been able to extend this type of pastoral care.

The real issue is that the venue adopts harm minimisation strategies not the size of the venue. It is possible for programs for effective harm minimisation to be available at all venues regardless of size. In Victoria the industry has done just that. It is not necessary for venues to adopt expensive programs i.e. Bet Safe referred to in your report, and in fact we believe that the Bet Safe program is dangerously interventionist. and places our venue and staff at a risk of duty of care well beyond that which should reasonably be expected.

In Victoria we are concerned that you have promoted the Bet Safe program in your report and largely ignored what we have done in Victoria which covers all of the Bet Safe initiatives without the cost burden.

All venues in Victoria must commit to the code of practice. Agreement to comply with the codes is a precondition of entering a contract with either Tattersalls or Tabcorp for supply of gaming machines and the code is appended to that contract. Under the code of practice all staff are required to do a responsible service of gaming course. We provide them with this training. We provide house policies and a training manual. All this is done without introducing the very litigious duty of care which Bet Safe presents. Counsellors are provided at arms length through government programs. We are not counsellors nor should we attempt to fulfil any of the roles of a counsellor. We need to ensure that all regulations address harm minimisation, and not provide for systems that interfere with rational business principles or introduce unfair, unproductive or restrictive competition where no justification exists.

It is most important that your final report focuses the gaming debate on effective means of harm minimisation and avoids the subterfuge of the debate by concentration on gaming machine numbers.

3. Self Regulation

Which leads to my third issue. And it leads specifically from your dot point 13 of the Commission's key findings (*"Existing self-regulatory arrangements are inadequate to ensure the informed consent of consumers, or to ameliorate the risks of problem gambling. There are particular deficiencies in: information about the 'price' and nature of gambling produces (especially gaming machines); information about the risks of problem gambling; controls on advertising (which can be inherently misleading); availability of ATMs and credit; and self-exclusion arrangements"*) .

At a number of sessions held by your Commission calls have been made by presenters for either the introduction of, or changes to, codes of practices which, generally speaking, tend to be dismissed as either being inadequate or, I sense, regarded as paying mere lip service to problem gambling issues. Outside of this Commission I am constantly engaged in debate with critics of the industry and their main complaint seems to be that "People are still gambling, therefore your codes are ineffective" - you can't win because what is wanted is no gambling.

I do not believe that codes are going to stop problem gamblers gambling, but they do provide a framework within which a venue can operate and feel confident that they are doing what is required, and is reasonable, to minimise the harm. Alcoholics still exist even though strict harm minimisation strategies are enforced legally.

It is important to the industry in Victoria that due credence is given to the benchmark programs it has instigated and are currently operating. Our Gaming Machine Industry Accord, Industry Segment Codes of Practice, Independent Complaint Resolution Process and Self Exclusion Program - all benchmark programs - which have been instituted and are all fully operational. They deserve to receive full recognition in your final report.

To my knowledge the above programs introduced in Victoria were the first of their kind anywhere in the world. There are all embracing Codes of Practice, an Independent Complaint Resolution Process - which includes final adjudication by an independent person appointed by either the Law or Arbitrators Institutes and support both a strict advertising code and a Self Exclusion Program. These initiatives are meaningful, effective and have the full support and input from the Victorian Government and all sections of the industry. They have been in operation since February 1997 and have been subjected to a wide ranging review process which is ongoing. All indications are that our codes are effective. To date all complaints, and there have been relatively few, have been successfully resolved without resort to an independent hearing.

Under the codes information about gaming, risks of problem gambling, problem gambling counselling facilities and self exclusion arrangements are promoted in all venues. Our advertising code of ethics addresses responsible advertising and, under our code ATM's are not permitted in gaming rooms and credit may not be extended. So the deficiencies in self regulatory arrangements which you identify in your report do not exist in Victoria. We ask that the Commission in its final report ensures that this point is made.

The Victorian codes also provide for support of a unique Self Exclusion Program which to date has seen over 850 deeds taken out by over 600 people. 250 people have entered a second deed. The deeds may be entered for a period of between six months and two years. They may be entered into by any patron and there is no cost to the patron attached to the program. I include for your information a short explanation of the program.

This is a program that works. This prevents problem gamblers from gambling. We were advised by problem gambling counsellors that it was necessary for the problem gambler to voluntarily seek the self exclusion program after receiving a program of assistance from the

counsellor, because this would result in a very vital therapeutic outcome for the problem gambler. However we also promote the program through our venues and to date a little over half of all deeds have come about from non-gaming counsellor referrals.

This program is jointly run in Victoria by the Australian Hotels Association and Clubs Victoria and is wholly funded by the industry.

The Codes of Practice and the Independent Complaint Resolution Program are supported by a secretariat which is jointly funded by the following members of the accord - Crown Casino, Tattersalls, Tabcorp, Clubs Victoria, the Australian Hotels Association and all gaming venues in Victoria.