

30 January 2004

Your Ref: 03/ 213

Gambling Harm Minimisation

Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230
ipart@ipart.nsw.gov.au

Dear Sir/ Madam,

The Association appreciates being given the opportunity to provide comment on the five reports listed below. Please find attached the Association's comments on the following five reports:

- A C Nielson, 2003, *Evaluation of the Impact of the Three Hour Shutdown of Gaming Machines – Final Report*, May.
- Auckland UniServices Limited, 2003, *Assessment of the Research on Technical Modifications to Electronic Gaming Machines in NSW, Australia – Final Report*, May.
- Consumer Contact, 2003, *Testing of Harm Minimisation Messages for Gaming Machines*, May.
- Dickerson, M., Haw, J., and L. Shepherd, 2003, *Psychological Causes of Problem Gambling: A Longitudinal Study of At Risk Recreational EGM Players*, March.
- Hing, N., 2003, *An Assessment of Member Awareness, Perceived Adequacy and Perceived Effectiveness of Responsible Gambling Strategies in Sydney Clubs*, September.

The Association wishes to stress two points:

1. Pre-committment cards - The Association believes that such cards will be seen as a de facto registration scheme for gamblers and flies in the face of Australian democratic traditions. The introduction of any such scheme that includes a national compulsory 'pre-commitment card' could be seen as a backdoor move to introduce a type of 'Australia Card'.

2. Maximum bet limits - There appears to be no substantive evidence that suggests that by reducing the maximum bet from \$10 to \$1 there will a significant impact on reducing problem gambling in the community. The research presented simply confirms the Association's view that more substantive research needs to be undertaken to determine what will actually work.

Please do not hesitate to contact me if the Association can provide any further details on any aspect of our submission.

Yours sincerely,

Chris Downy
Executive Director

Further Submission to the Independent Pricing and Regulatory Tribunal

Review of Gambling Harm Minimisation Measures - Comments on Research

Introduction

The Australian Casino Association (ACA) appreciates the opportunity to respond to the call for comments issued by the Independent Pricing and Regulatory Tribunal, on research released by the NSW Department of Gaming and Racing in December last year, as part of IPART's Review into Gambling Harm Minimisation Measures.

Comments on the Research Reports

The ACA will provide comment on each research report as follows:

A C Nielson, 2003, Evaluation of the Impact of the Three Hour Shutdown of Gaming Machines – Final Report, May.

Research Paper

This research was carried out by AC Nielsen (May 2003) for the NSW Department of Gaming and Racing.

The research study, as stated, was to establish the impact of the three hour shutdown of gaming machines in hotels and clubs. Specifically, the study aimed to assess the impact on problem gamblers, recreational gamblers, venues and on the wider community.

ACA Comments

Australian casinos are destination gaming venues. Visitors to a casino have made a conscious decision to travel to the casino, rather than visit their nearest to home or work gaming venue.

Star City advises there has been no surge in activity or business during the shutdown period as suggested by some operators. .

The Association considers AC Nielsen could have taken time to liaise with the Casino Control Authority or Star City to verify the claims made by venues, counsellors and other interviewees stating there had been a significant increase in activity at Star City as a result of the measure.

In further supporting the Government's measures, Star City has ceased supporting bus services to Casino during the shutdown period.

While the casino is exempt from the shutdown due to the conditions of its licence, there are certain measures either self implemented or regulated which are in place to assist

patrons for whom gambling has become a problem. Intensive responsible gambling training is conducted with all casino staff, there is a 24 hour counseling service available, as well as a Responsible Gambling Manager available at all times. Further the casino is required to demonstrate a higher level of compliance in promoting responsible gambling and assisting those for whom gambling has become a problem.

Conclusion

The Australian Casino Association considers a wide range of measures is needed to assist those for whom gambling has become a problem. The Association is of the firm view the emphasis of all regulation should centre on ensuring that responsible gambling measures are in place, are effective and of real benefit to gamblers, the industry and the community.

Auckland UniServices Limited, 2003, Assessment of the Research on Technical Modifications to Electronic Gaming Machines in NSW, Australia – Final Report, May 2003.

Research Paper

This report reviews two research Reports produced by the University of Sydney Gambling Research Unit and the Centre for International Economics. The research projects investigated the impact on players and on gaming venue revenue of these proposed modifications to the operation of gaming machines.

ACA Comments

The Association will keep its comments brief regarding this report as the timeframe for compiling a submission was short and only a cursory examination was made of this paper.

There is no evidence to suggest reducing the maximum bet from \$10 to \$1 will have a significant impact on reducing problem gambling in the community. Further there is no evidence in either research that problem gamblers have higher average bets in excess of \$1.

Additionally the point made by Blaszczynski deemed the bulk of players in clubs and hotels use 1 cent machines and do not achieve average bets over \$1. This has more to do with the product offerings in the NSW market where there is a polarisation between \$1 and 1 cent denominations. The Association takes a national view and does not believe this would necessarily be the case across Australia and especially with regard to casinos. Any move to limit the maximum bet will have an adverse affect on recreational gamblers who choose to visit a casino.

Conclusion

The report simply confirms the Association's view that before such measures are introduced there needs to be more substantive research undertaken to determine what will actually work in reducing the incidence of problem gambling without negatively impacting on the right of recreational gamblers to enjoy their chosen form of entertainment.

Consumer Contact, 2003, Testing of Harm Minimisation Messages for Gaming Machines, May.

Research Paper

This research study was commissioned by the NSW Department of Gaming & Racing and carried out by researchers Barbara Riley-Smith and Jacqui Binder (February-May 2003).

The research study was to evaluate reactions amongst target gamblers to *Harm Minimisation Messages* screened during play of poker machines. Specifically, the study aimed to assess the potential impact and effectiveness on gambling behaviour of a series of ten potential Harm Minimisation Messages.

The study comprised five focus groups in Sydney and the survey participants' trialled one of two poker machines prepared by IGT, each with the ten messages locking play.

ACA Comments

The Australian Casino Association noted the published document on this research study and its findings and concluded that whilst it appeared an appropriate topic for research:

- (i) The findings of the research study do not provide any conclusion that supports mandatory implementation ("the findings of this report are suggestive, not definitive" (see p. 13); and
- (ii) The findings indicated there are, clearly, different types of messages ie messages that could be described as aimed at "problem gambling" and others that could be described as providing "responsible gaming" messages.

The Association noted that ten messages were trialled during the research study. The report commented separately on each of the ten (10) messages as follows:

- It recommended that three (3) messages be dropped from further consideration (Messages 6, 9 and 10)

6. Have poker machines become your best friend?
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9. Do you gamble as a way of escaping from problems?

10. Is gambling solving or causing your problems?
--

- Most of the respondents were only too happy to distance themselves from one message (Message 8)

8. Have you ever borrowed money to gamble?

- For the majority of respondents one message did not work well and some found it too difficult to understand (Message 5)

5. You may be the last person to realise you have a gambling problem

- One message did not emerge as all that appropriate and was perceived by some respondents to be “too ockerish” (Message 7)

7. Have you lost a mate because of your gambling?

- Another message was reported as having different responses from players of different age groups, proving less effective amongst older gamblers (Message 4)

4. Do you lie to hide the extent of your gambling?

- The initial response to a message was described as “lukewarm” and the report thought starter concluded that “it seems that this (message) is not a message that works as a either on its own or to curb excesses at time of gambling (Message 3)

3. Have you felt bad or guilty about your gambling?

- Whilst one message (“are you gambling longer than planned?”) met with almost universal identification, the report suggested that “planned” is not the right word and is not appropriate to an “entertainment” context. The report also pointed out that “gambling longer” did not strike any focus group members as a reason to call G-Line (Message 2)

2. Are you gambling longer than planned?

- The message with “universal application.... (which) all respondents could relate to....” Was message 1.

1. Have you spent more money on gambling than you intended?

The Association considers it is important to make a separate case for "responsible gambling" messages and "problem gambling messages" as two distinctly different pieces of communication. One is for those who may be "at risk" (responsible gambling) and the other is for the people who have a gambling problem (problem gambling messages). eg "HAVE YOU SPENT MORE MONEY ON GAMBLING THAN YOU INTENDED" is a responsible gambling message and 'IF GAMBLING IS A CONCERN FOR YOU, CALL G-line (NSW) 1800 633 635" is a problem gambling message. Putting to two together into one message constitutes sending a mixed message. Mixed messages are ineffective and confusing.

The focus group structure for the Testing of Harm Minimisation Messages raises a couple of questions. Firstly - females in the aged group 35 to 55 years were omitted from the study. This would suggest a gender bias as it is well documented that female problem gamblers in this range are significant. In addition, the only criterion for measuring problem gamblers in the study was by answering yes to one question. "do you think you play the poker machines too often?" This is not a recognised assessment measure for problem gambling and does not form part of recognised scales to assess problem gambling eg SOGS or DSMIV.

The Association contends that the Tribunal needs to keep in mind, in relation to some form of harm minimisation message or messages on electronic gaming machines (poker machines) that:

- 1) There is already a plethora of information on the gaming play screen of the machines; and
- 2) Most machines in the various States and Territories already have some form of harm minimisation message phone number of a support agency attached to them

While it could be suggested that the effectiveness of any such harm minimisation messages should be activated and come to the attention of the players after a period of continuous play by delaying the play of the machine, a number of important questions arise if any such message is to be required with any "locking of play". The Association questions whether such a strategy has been implemented anywhere and secondly, if such a strategy has been implemented, has the impact on the players been the subject of research?

Conclusion

The Australian Casino Association, in relation to this research study and report concludes that :

- 1) the research study and the testing of the various (10) messages was a useful undertaking – although there are concerns in relation to both its size and methodology
- 2) the findings of the research study do not justify at this time any mandatory requirement for EGMs to have a period of locked play for the purpose of some form of harm minimisation message
- 2) IPART **should** note that the report concluded that

"In developing gambling harm minimisation strategies, we need to DIFFERENTIATE between regular and problem gamblers both in message contact in our targeting routes"(p.39)

The Association contends that IPART should note the complexities and difficulties in this area. The ACA contends that further substantial research is required before any such measures (mandatory harm minimisation messages) are considered for implementation. The implementation of such measures could have a substantial impact on the enjoyment of the responsible recreational gamblers (the very, very large majority of players) and only questionable impact on "problem gamblers" or those considered "at risk".

Dickerson, M., Haw, J., and L. Shepherd, 2003, Psychological Causes of Problem Gambling: A Longitudinal Study of At Risk Recreational EGM Players, March 2003.

Research Paper

The Association's Responsible Gambling Taskforce has noted the above-mentioned research by Professor Mark Dickerson et al. sponsored by the New South Wales Government from the Casino Community Benefit Fund.

ACA Comments

The first recommendation of the research report calls for the reframing of responsible gambling as consumer protection.

All Australians have the right to participate in whatever leisure and entertainment activities they choose and this includes the purchase of a gaming entertainment experience. We live in a jurisdiction that respects an individual's civil liberties. Policies derived by the principle of safeguarding the right of gamblers to make rational decisions about expenditure limits should be maintained. When looking into strategies that restrict an individual's rights about whether or not to choose a pre-commitment option as a solution to maintaining 'control' of their gambling expenditure, it is imperative to consider each sector of the gambling Industry individually and in particular the casino sector. Any new restrictions that consider mandatory protective measures that require off site, pre-commitment limits being imposed with cooling off periods would have the potential of having a serious impact on the casino operations.

We reiterate our original position on pre-commitment cards, it will be seen to be a de facto registration scheme for gamblers and flies in the face of Australian democratic traditions. The introduction of any such scheme that includes a national compulsory 'pre-commitment card' could be seen as backdoor move to introduce a type of 'Australia Card'.

Whilst responsible gambling strategies have in the main been based on a best practice approach, problem gambling is a complex issue requiring multiple solutions. These solutions include prevention, protection and rehabilitation initiatives. Such strategies are best delivered through partnerships between community, industry and Government on responsible gambling issues. It is a shared responsibility.

Priority areas for action have been identified. Each of these contributes to reducing the prevalence of problem gambling and the impact of problem gambling when it does arise. These areas are:

- the enhancement of responsible gambling polices and programs through research;
- increase community knowledge and awareness of the impacts of gambling;
- reduce the risk factors for problem gambling through early intervention;
- develop a state-wide system of problem gambling treatment and support services;
- ensure gambling environments are safer and more supportive for consumers; and
- promote partnerships to address state-wide and local gambling issues and concerns.

This report concludes, by way of contrast with the responsible consumption of alcohol, the following assumption in relation to regular gaming machine play. “Ordinary regular players may be consuming/using the gaming product in just the way in which the manufacturer, the venue operator and the regulatory body intended, and yet very likely be placed at immediate risk of harmful impacts because of the loss of control that at times is an integral part of his/her pleasurable gaming experience.” In other words, the report concludes, “the risk of harmful impacts for alcohol arises from excess and for gambling/gaming arises from regular usage”.

The ACA would agree with the finding that it is at risk players who need to be the focus of ‘harm prevention’ strategies (see Attachment I). However, the Association is of the view that the term “harm minimisation” whilst commonly used, requires acceptance of the fact that Government and Industry are in the business of peddling “harm”. This is certainly not the belief of the Association or its members.. The ACA strongly supports best practice, and is proactive, in the development and implementation of “responsible gambling” practices. The use of the term “responsible gambling” is therefore seen by the casino sector as more appropriate terminology.

Responsible gambling occurs as a result of collective actions and shared ownership by individuals, communities, the gambling industry and Government. It occurs in a regulated environment where adverse effects from the activity are minimised and consumers can make informed decisions about their participation in gambling. Responsible gambling refers to a safer approach to gambling that encourages consumers to make informed and educated choices. Responsible gambling also involves the use of initiatives that contribute to improving the health and wellbeing of consumers affected by gambling related problems.

The Association supports the findings of the report on page 24 wherein it states, “the current strategy aimed at changing the machine **or** the player to not lose control is ill conceived and derived from the alcohol context. A more appropriate aim from a consumer protection perspective is to maintain the integrity of the gaming experience – it is clearly enjoyable and what the consumer wants – and yet to prevent the enjoyed loss of control resulting in excessive and potentially harmful expenditure”.

The casino sector operates in a total compliance environment. It is regulated more stringently than other forms of gambling (including licensed hotels and licensed clubs) and other industries generally. Australian casino operators generally accept that specific regulation is desirable for the operation of licensed casinos. However, operators believe the nature and extent of regulation should be applied in a balanced and measured manner.

The rationale behind the application of many pieces of casino regulation include concerns over problem gambling, protecting consumer interests, exclusion of criminal influence, protection of State revenues, ensuring a high standard of probity of operators and the like.

Since 1985 the casino sector has been subject to significant growth. In a ten-year period the number of casino operations increased fourfold. At the same time, rapid growth of other forms of gambling at a national level was experienced, particularly in respect to electronic machine gambling at licensed hotels and licensed clubs. The regulatory models applicable to casino operations and licensed hotels and licensed clubs during this period have evolved along two different paths.

In contrast to the Club and Hotel Industry, the casino model is characterized by:

- On-site supervision of all day-to-day operations by State Government inspectors;
- Approval required for all changes to day-to-day operations such as EGM movements, floor layouts, procedures etc;
- A legislative framework administered by the Regulator in each State.
- Casinos are limited in the number of EGM's based on a ratio of EGM's per approved table game.

The Case For Continued Separate Casino Regulation

Casino operations are typically characterized by operations that:

- Cater for large volumes of customer demand – up to 20,000 customers per day at peak trading times;
- Provide a wide variety of gaming options within the property including table gaming, electronic machine gaming and network gaming (Keno and TAB);
- Provide higher price points for customers to engage in gaming activity;
- Provide sophisticated surveillance and security facilities;
- Provide a wide range of leisure, entertainment and accommodation facilities;
- Higher standards of operator and employee probity, systems sophistication and supporting operations infrastructure; and
- In the public perception, are exposed to a high level of risk.

Due to the very nature of the complexity, size and magnitude of gaming limits with each casino property, separate regulation and administration of that legislation is considered necessary and should continue.

A viable and sustainable casino industry is considered important in respect to the ongoing benefits and contribution to local, regional and state economies.

When considering the current trend towards cashless gambling/ gaming, casinos should be viewed in light of the above information and the distinction between destination gambling (casino gaming) and convenience gambling (EGMs located in clubs and hotels) needs to be acknowledged.

The ACA supports the ongoing evaluation of rehabilitation techniques including cognitive-behaviour techniques through ongoing research and the timely evaluation of gambling support services outcome data.

Hing, N., 2003, An Assessment of Member Awareness, Perceived Adequacy and Perceived Effectiveness of Responsible Gambling Strategies in Sydney Clubs, September.

Research Paper

This research study was commissioned by the Casino Community Benefit Fund for the NSW Government. The specific aim was to assess club member's awareness, perceived adequacy and perceived effectiveness of responsible gambling strategies in Sydney clubs, following the enactment of the responsible gambling legislation.

To address the research objectives, two surveys were conducted. The first, a mail survey, gained responses from 706 members of four Sydney clubs, using a purposeful sampling technique. The second, conducted on-site in six Sydney clubs, yielded 248 responses, using convenience sampling.

The study concluded that whilst there is relatively strong awareness of responsible gambling measures undertaken, there is still a lack of firm understanding and empirical evidence to support their effectiveness in minimising harm in gambling. Furthermore the study also gleaned that a number of respondents questioned the compliance levels of clubs to their responsible gambling requirements, and they felt that much more could be done by both gambling venues and government to reduce problem gambling.

ACA Comments

Given the research focussed on NSW clubs, the Association does not believe it is in a position to comment on specific aspects of the research but does welcome the findings indicating a high level of awareness of club's responsible gambling signage and information measures and that for a number of respondents this had changed the way they think about their gambling.

The ACA however does not agree with the authors' conclusion that without the incentive of legislation, some responsible gambling practices will be ignored by some gambling venues. Codes of conduct have the ability to foster and encourage best practice within industry, as against a fully regulated environment where the meeting of **minimum** standards is regarded as satisfactory.

The ACA believes that the issues demonstrated through the study are more likely to be a result of non-effective compliance mechanisms or simply a lack of understanding of requirements at the club level. Both issues, through a review of compliance systems and further education and awareness at club level can be easily addressed.

The key issue emanating from the report is that government and industry still does not fully understand what information should be provided to gambling customers and how it is best communicated/received. First of all there is no consensus on what defines 'appropriate information'. Many, if not all, academics and researchers suggest that the probability of winning and pay rates is likely to be insufficient. The key reason is that while this information communicates factual data, it does not address the propensity of gamblers to hold erroneous beliefs about the nature of gambling and 'ability' to control random events.

Providing the appropriate information therefore requires an adequate understanding of beliefs and attitudes that influence gambling behaviour. Unless attitudes and beliefs are modified to be cognisant of relevant information, there is unlikely to be any impact on gambling behaviour.

Therefore, it is critical that governments commission research to determine how an effective informed consent or harm minimisation model can apply under circumstances that apply to individuals gamblers and within the gambling environment, recognising individual attitudes and beliefs and the nature of gambling products. This would lead to defining what is appropriate information and the manner in which it is best communicated.

Increased signage, greater restrictions on gambling environments, altering gaming machines, spend limits and so on, as referred to in the study, may only simply be adding to the range of measures already in place, which as demonstrated there are no real concrete understandings as to whether these actually work effectively. Rather we need to 'mark a line in the sand' and conduct research to determine how to best provide a responsible gambling environment for customers.

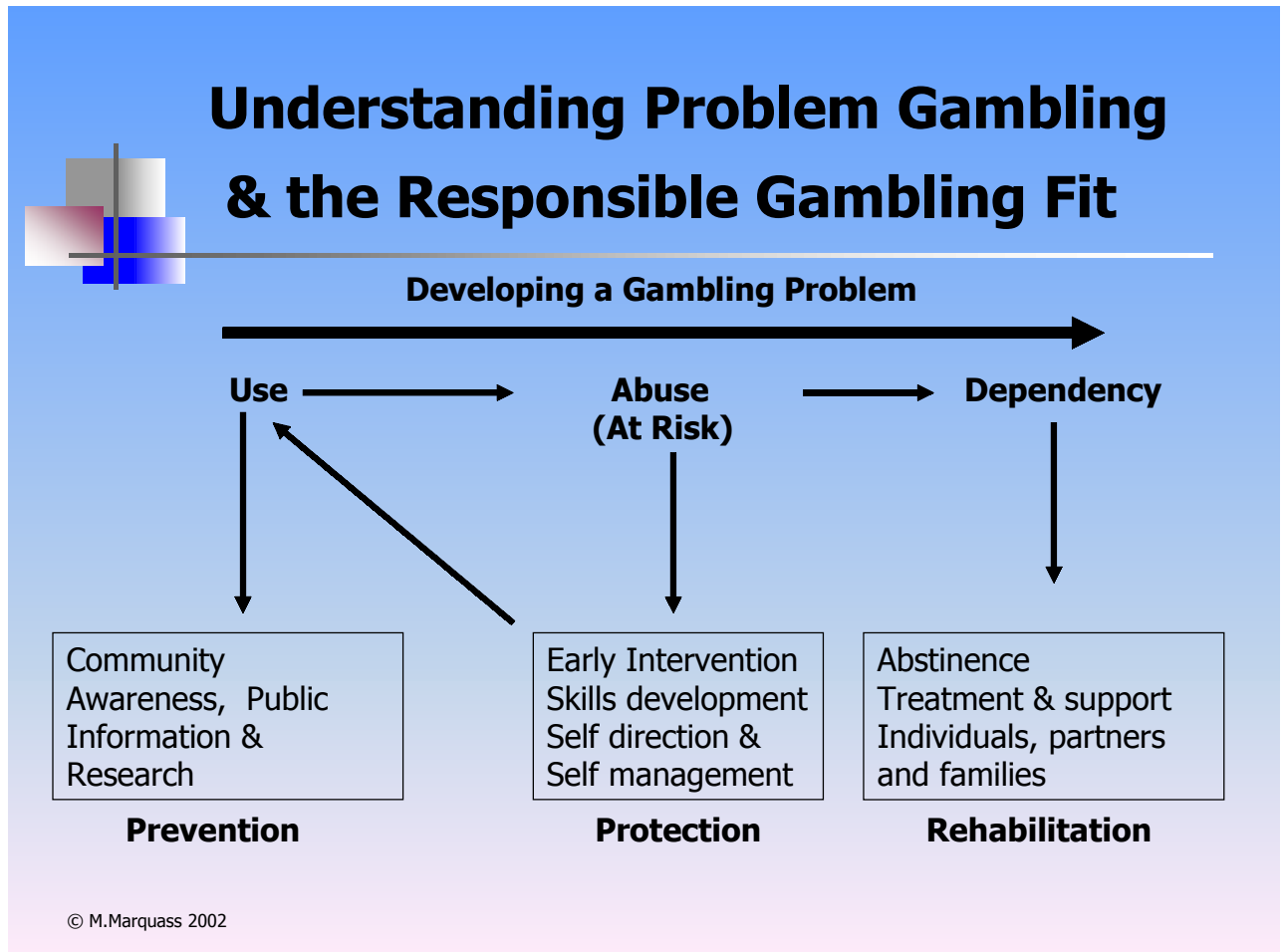


Process of Consultation

The Australian Casino Association thanks IPART for giving it the opportunity to comment on these research projects.

If further information is required please contact either the Executive Director Chris Downy or the Community Affairs Manager Meredith Laverty at the Association's National Office.

ATTACHMENT 1



Responsible Gambling involves the development of an overall strategy to address a complex issue requiring multiple solutions that include prevention, protection and rehabilitation initiatives. It is a shared responsibility between individuals (taking personal responsibility), the community, the gambling industry and government to achieve a balance between the social and economic benefits and costs of gambling in this country