



THE COUNCIL OF GAMBLER'S HELP SERVICES

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The Secretary  
Legislative Council Select Committee on Gaming Licensing  
Parliament of Victoria  
Spring Street  
Melbourne 3000

The Council of Gambler's Help Services (CoGHS) is the peak body for the Gambler's Help sector in Victoria. CoGHS is pleased to contribute this submission to the Select Committee Inquiry on Gaming Licensing.

As a peak body, CoGHS represents member services that are auspiced by a wide range of not-for-profit organisations across Victoria, including:

Salvation Army	Upper Hume Community Health
Eastern Access Community Health	Bethany Community Support
Bentleigh Bayside Community Health	Community Connections (Warrnambool)
Banyule Community Health	Relationships Australia (Ballarat)
ISIS Primary Care	Bendigo Community Health
Turning Point	Mallee Family Care
Anglicare (Gippsland)	Mitchell Community health Service
Goulburn Valley Community Health	Centre for Culture, Ethnicity and Health
Victorian Aboriginal Community Services Assoc. Ltd	Victorian Aboriginal Health Service

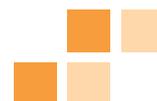
CoGHS welcomes the opportunity provided by the Inquiry to address a range of issues associated with EGM-related harm. CoGHS considers itself to be professionally obliged to represent the interests of clients and communities that are experiencing gambling-related harm, and it is from this position that the submission is articulated.

As you will be aware, CoGHS provided written and verbal submissions to the 2006 Gambling Licences Review. In developing the 2006 submission, CoGHS undertook an extensive consultation process, which included a series of twelve community meetings held in metropolitan and rural regions of Victoria. We trust that you will appreciate the value of the extensive process undertaken to reach CoGHS findings. As such, in this submission the Council reiterates much of what was presented to the 2006 Review. In addition, this submission presents the Council's views on the matter of existing harm reduction measures, which was beyond the scope of the 2006 Review.

We trust that you will consider this submission, and call upon CoGHS to present evidence and professional opinion at the forthcoming hearings. If there is a need for any more information regarding this submission or CoGHS and its role, please do not hesitate to contact me on (03) 9328 5825 or mobile 0418 549 529, or by email eddie@gamblershelp.org.

Yours faithfully,

**Eddie Chapman**  
Executive Officer



## OVERVIEW

As the peak body for problem gambling services in Victoria, CoGHS' principle interest relates to measures that will achieve harm reduction. CoGHS welcomes the opportunity to contribute the organisation's perspective on structural and regulatory matters that contribute to known and emerging causes of EGM-related harm. The submission is specifically focussed on EGM harm, due to the fact that more than 80% of Gambler's Help clients have EGM gambling as the primary form of gambling.

A great deal is now known about the harm caused by EGMs, much of which was not known when the industry was first established in Victoria. In the establishment phase of the EGM industry, the extent to which EGM revenue would be derived from problem gambling behaviour was not known. Further, the individual, environmental and structural contributors to EGM problem gambling were not well understood.

In 1999, the Productivity Commission revealed that:

- 42.3% of EGM revenue is derived from problem gambling behaviour
- The personal impacts of EGM problem gambling are significant and far-reaching
- For every problem gambler, an estimated 5-10 others are adversely impacted
- 2.15% of Australian adults are experiencing problem gambling

The harm associated with the EGM industry is now widely accepted by all stakeholders as a significant concern. This is an important development that has resulted in steps to promote responsible gambling behaviour and address individual and community risk factors, as well as the establishment of world best practice problem gambling treatment programs. Further, changes have been made to the venue environment that aim to minimise EGM-related harm.

While these initiatives have gone some way towards addressing individual and environmental factors that contribute to EGM problem gambling, the regulatory framework and industry structure that was established in the early 1990s was not designed to sufficiently reflect the contemporary understanding of EGM harm. Victoria is now well placed to implement an industry structure and regulatory regime that achieves world best practice in the achievement of responsible gambling objectives.

### **Part 1. OPERATOR LICENCES AND INDUSTRY STRUCTURE (Section (c) of the Inquiry Terms of Reference)**

#### **Industry Structure**

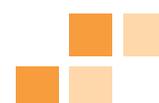
CoGHS contends that the existing industry structure is a primary barrier to harm reduction as it prevents the eradication of dependency on revenue derived from problem gambling behaviour.

It is critical that the industry be structured in such a way to cease dependency on the 42.3% of revenue that is derived from problem gambling behaviour (Productivity Commission 1999). However, any measure that was effective in preventing problem gambling behaviour would necessarily reduce EGM net expenditure. As such, CoGHS can see no justification for the continuation of a three-tiered industry structure as it and diminishes the incentive of all stakeholders to implement effective strategies to minimise or eradicate problem-gambling revenue, and therefore EGM-related harm.

CoGHS advocates that serious consideration be given to a more efficient two-tiered industry structure, ideally with the Victorian Government in the role of owner-operator.. Such an industry structure would secure a comparable revenue stream for fewer stakeholders, thereby alleviating the revenue barrier to harm reduction.

#### **Operator Licences**

In the event that a three-tiered industry structure is maintained, CoGHS is strongly opposed to an increase in the number of gaming machine operators. It is the experience of Gambler's Help



services that industry fragmentation compromises stakeholders' willingness and capacity to comply with measures to address gambling harm. CoGHS is concerned that an increase in the number of operators will result in reduced compliance with existing harm reduction initiatives, as well as increased complexity in stakeholder negotiation and monitoring. This perspective is informed by the experience of Gambler's Help in working with local venues and their representative organizations whereby there is vast inconsistency in capacity and commitment to implement harm reduction measures.

### **Operational Model**

CoGHS does not have a view in favour of fewer "destination" style venues over smaller, "convenience" style venues, as it is evident that there are merits and shortcomings in each model. Accessibility remains a key concern in relation to EGM harm that must be addressed, however it is clear that there are no easy answers.

The merits and shortcomings of the two models were debated heavily at CoGHS' 2006 community consultations, and the diversity of opinion reinforced the Council's view that this is an extremely complex issue. CoGHS provides the following selected quotes as an indication of the sentiments expressed at the consultations:

In favour of the "destination" model:

"I find the destination option appealing because I would hope that self-exclusion would be more enforceable. That's such a huge issue. Destination venues could facilitate self-exclusion".

"Anything that will reduce accessibility will help reduce problem gambling. Either because people have to travel further or because gambling is more exposed."

However, the following concerns were expressed in relation to the "destination" model:

"The problem with fewer but larger venues is they'll organise buses to collect people".

"I'd hate it. It would be even worse. It's like putting a uranium mine somewhere. Local councils would be lobbying, thinking 'what's in it for us'".

In favour of an expanded "convenience" model:

"I would prefer that the industry be rolled back to recreational. If pokies were recreational then it would not be glamorised. If the local footy club or bowls club want a few machines to support their operations, (then) pokie venues are no longer ethereal palaces, they're just clubs".

"At the other extreme of small venues, the staff in the venue gets to know the customers. If you have the mega-venue you're never going to know your customers. If there's a handful of machines in your local football club it is harder to hide. People are more likely to have a flutter and move on."

It is CoGHS' opinion that the question of which model is preferable in achieving harm reduction becomes secondary (and possibly redundant) when effective consumer protection mechanisms are in place (please see part 2). As such, the Council would support whichever industry model would most effectively meet consumer protection objectives.

## **Part 2. REGULATORY FRAMEWORK (Section (d) of the Inquiry Terms of Reference)**

CoGHS considers that Victoria is well positioned to implement a regulatory regime that achieves world best practice in the achievement of responsible gambling objectives. The Council advocates a balanced approach to addressing gambling related harm, and considers that the existing regulatory framework lacks balance in that it places responsibility for problem gambling heavily on individuals.



Current international trends indicate that gambling-related consumer protection has been interpreted by industry and governments as the need to develop strategies that facilitate consumer informed choice (Dickerson 2003a). Informed choice requires the full disclosure of information to facilitate consumers' decisions to gamble (Blaszczynski, Lacouceur 2005). While the provision of thorough and accurate product information is of obvious merit, CoGHS considers that interpreting consumer protection exclusively as 'informed choice' maintains a bias whereby individual consumers are held solely responsible for harm suffered because of EGM gambling. Continued emphasis on individual responsibility for gambling-related harm can only ever address half of the harm equation, and as such cannot achieve sustainable outcomes for the community or industry. The Council contends that this is contrary to the community's expectation that government also address the structural and product aspects of EGM harm, particularly given the capacity to do so exists.

Consumers of gambling products are entitled to expect the product to be safe by a clearly defined standard, and these measures must be built in to the regulatory framework to ensure that consumers are not disadvantaged in the gambling transaction. Of particular importance is the growing understanding of the harmful nature of the EGM product. Evidence is emerging that EGM product itself impairs consumers' ability to make informed choices during play. A recent study identified that, during play, 80-90% of all regular EGM players experience loss of control over the amount of time and money they spend, and that impaired control is strongly and positively correlated with significant harmful impacts (Dickerson & O'Connor 2006). It is therefore argued that it is not logical to expect players to make informed decisions during EGM play, and further, that the rapid and continuous nature of the transaction between the consumer and the product may be contrary to the principles of consumer rights (Dickerson & O'Connor 2006, Dickerson 2003a & 2003b, Horbay 2005, Schellink & Schrans 2005).

In relation to specific measures that would have an immediate effect in achieving harm reduction, a survey undertaken at CoGHS 2006 community consultations revealed that 84% of respondents support a system that enables players to set limits on spending before entering the gaming room; and 80% of respondents supported the removal of ATMs from venues. These findings are relatively consistent with data presented in the recent New Focus (2006) research that revealed the initiatives rated as most likely to reduce problem gambling behaviour are: limiting the amount of money that can be bet in an EGM gambling session (rated as very effective or effective by 100% of service providers and 88% of problem gamblers), and removing ATMs from venues (rated as very effective or effective by 96% of service providers and 95% of problem gamblers).

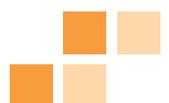
The need for greater industry regulation, particularly in the form of enhanced consumer protection measures, is widely supported by community sentiment. The following comment is representative of opinion expressed at CoGHS' 2006 community consultations:

"It's an abdication of responsibility when we talk about individual responsibility. I think the Government has responsibilities in this area, and we need to hold them accountable for that. Gaming operators also have responsibilities. I think we're smart enough to know that the market place is set up to optimise the sale of the product. I think that, with poker machines, the focus needs to be on regulation and structure that is fair for the gambler".

CoGHS contends that a regulatory framework that encompasses consumer protection provides a balanced approach to achieving harm reduction. The components of a consumer protection regulatory framework entail:

1. **Player control**, requiring the provision of accurate and accessible information, and adequate tools to enable and enforce self-determined control strategies
2. **Player protection**, being the provision of gambling products and environments that are demonstrated to not encourage harm or loss of player control
3. **Precautionary principle** in the development of gambling products so as to avoid unanticipated harm

Such an approach has the explicit support of the Council.



## **Player Control**

Given the evidence that rapid and continuous forms of gambling prohibit player control during a session of play, a system of pre-commitment is required whereby consumers decide the spending limit in advance of a gambling session. A pre-commitment system enables the consumer to genuinely make informed choices, while at the same time protecting the entertainment value of EGM gambling and peoples' right to spend their money how they choose. Such a system is a quantum leap in terms of returning control of gambling decisions to the consumer, and as such, is an approach that is strongly supported by the Council.

At the recent CoGHS community consultations, the concept of pre-commitment received wide support, as represented in the following comment:

“With a system of pre-commitment, you have the opportunity to experience the pleasure, arousal, and the rush that comes with losing control, without eating your way through your pension”.

There are a number of possible approaches to pre-commitment, including smartcards, biometric identification, usb keys, and others. The Council does not advocate a particular pre-commitment model, but rather, emphasises that a universal pre-commitment system is the mechanism that is most likely to return control over gambling decisions to consumers, and therefore reduce EGM-related harm.

## **Player Protection**

As distinct from player control, player protection refers to the design of the gambling product itself and the environment in which it is located. Player protection measures that require consideration include (among others):

- Reducing bet limits
- Providing breaks in play to encourage rational decision-making and interaction with other activities within the venue
- Removing ATMs and limiting EFTPOS withdrawals so as to avoid unplanned expenditure on gambling
- Ban Bank Note Acceptors on EGMs

## **Precautionary Principle**

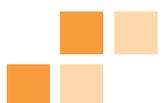
In the present regulatory system product integrity is conceptualised (broadly) as requiring EGMs to meet certain technical requirements in regard to spin rates, odds, return to player, game fairness and security (Australia/NZ Gaming Machine National Standard, 2004; and Victorian Appendix, 2004). With our increasing understanding of the nature of the EGM product and its role in the development of problem gambling behaviour, a consumer protection framework would require the product to be proven safe by a set of pre-defined standards before it is released into the marketplace (as is the case with other products that are known to be associated with significant harm).

This concept received explicit support during CoGHS community consultations, as indicated by the following comments:

“Government has a responsibility to protect members of the community. Particularly members of the community that are vulnerable to harm from whatever source. If we don't uphold these principles, what sort of community are we living in?”.

“The precautionary principle should be in place, where products are not in the market place until it is known they are safe. It flips responsibility onto the industry to prove that the product is safe. What we have now is policy informed by harm minimisation but there is no onus on the industry to prove safety in the first place”.

CoGHS contends that the precautionary principle must be applied to existing and emerging forms of gambling.



## **PART 3. HARM REDUCTION (Section (e) of the Inquiry Terms of Reference)**

### **Public Health approach**

The Public Health framework for service delivery was clearly identified in the 2002 Victorian Government's election policy and in the Government's guiding principles for integrated health promotion (Victorian Government 2003).

A foundation principle of Public Health is the expanded mandate of health services to consider broader social, political, economic and physical environmental components. Specifically, it requires services to "move into the arena of healthy public policy, and to advocate a clear political commitment to health and equity in all sectors".

The Council is concerned about the shift in definition and focus of the public health approach to gambling that has occurred since the service sector was relocated from the Department of Human Services to the Department of Justice. There is no one model of public health, and within the public health framework attention must be directed to any one of the numerous constituent parts. It is concerning to observe, for instance, that the Australian Gaming Council, as an influential industry advocacy body, has recently decided to undertake work on a public health model supported by academics that operate within an individual pathology paradigm and whose focus resides primarily in informed choice and treatment. Were government to adopt this work as the legitimate representation of a public health approach, a vast amount of territory would remain unaddressed. At the same time, the Council observes that the sector's authority to advocate client and community interests in a public and forthright manner, as is required of a public health approach, is increasingly subject to scrutiny. It is essential that the multiple frameworks within the public health approach are evaluated and the best elements incorporated within a government approach to gambling harm that spans the spectrum of primary to tertiary interventions. It is equally essential that the service sector's authority to publicly advocate client and community interests is upheld and that this principle is protected from influence or censorship. To do less is to ensure that a limited, distorted and inadequate approach will result.

### **Problem gambling service delivery**

The Victorian integrated Gambler's Help sector is regarded, nationally and internationally, as world best practice. The Council has been advised that a new "Pathways" model for service delivery is currently under development. There are indications that the new service delivery model aims to increase the range of problem gambling service entry points across multiple agency types. The Council is concerned about the lack of evidence that this strategy is more effective, necessary or productive.

Gambler's Help services are located within a broad spectrum of service types, for example community health, family support agencies, migrant resource centres, community information and support services, welfare agencies and integrated care centres. Over 12 years of operation services have demonstrated flexibility and responsiveness in meeting client need, most recently demonstrated by plans for one service to locate staff within a mental health service.

Gambler's Help services also enhance responsiveness to the needs of those experiencing gambling harm by providing secondary consultation and local professional development programs across health and community service organisations. This work enhances practitioners' capacity to respond to problem gambling needs and primes referral pathways to specialist services.

Gambler's Help services are convinced that the broadscale behaviour change effort entailed in a multi-modal approach to addressing gambling harm is best served at this time by strengthening non-treatment interventions. CoGHS is concerned that the proposed "Pathways" model will fragment and undermine an effective and highly regarded service system. The Council is of the opinion that public money would better be spent focussing on addressing the real intervention targets of a comprehensive problem gambling strategy.

### **Program development**

The Council understands that, at the inception of the EGM industry in Victoria, it was accepted as a foundation principle that industry stakeholders be denied capacity to unduly influence public policy,



research and treatment program development. The Council is alarmed at the extent of industry influence that is exercised over policy, research and program development through the Responsible Gambling Ministerial Advisory Council (RGMAC).

Industry's participation in RGMAC has two primary consequences. First, the equal number of industry and community representatives on RGMAC assumes that mutually acceptable outcomes can be reached, and that these stakeholders come to the table with equal power, resources and avenues of influence. Clearly this is not the case. The Council would argue that this is the primary reason why the RGMAC has made very little progress. Moreover, CoGHS contends that the recent shift in emphasis, from forthright harm reduction efforts to a focus on individual informed choice, is the result of this situation.

It is therefore CoGHS position that industry must respond to but not influence or participate in the development of public policy and program responses to gambling harm.

The second aspect of recent trends regarding program development that the Council wishes to draw to your attention is the increasingly centralised manner in which problem gambling interventions are developed. One such example that the sector has observed is the trend away from community education that is locally informed and developed using community strengthening and capacity building principles, to a limited 'social marketing' approach that confines community education to delivery of centrally-determined key messages. The sector has experienced a dramatic decrease in autonomy and regard for the services' capacity and authority to develop harm reduction and treatment strategies that are designed to address the specific needs of the community contexts within which these services are working. This is particularly concerning given the extent of clinical and educative expertise within the sector, and the strength of local community relationships that Gambler's Help services have built up over many years.

### **Responsible Gambling**

The Council takes this opportunity to reiterate that the continued use of the term "responsible gambling" without an agreed definition is unacceptable. The current working definition places the onus of responsibility on the individual player, and this is considered to be unbalanced and lacking in systemic perspective. This serves to absolve other stakeholders from the level of responsibility expected by the broader community. At most, a revised term relating to the Responsible Provision of Gambling that is associated with the establishment of industry harm reduction benchmarks is potentially more desirable, in that at least this use of the term can be defined and measured. However, the Council is ultimately of the opinion that the term "Responsible Gambling" is inherently misleading and should be discarded.

### **Harm reduction benchmarks**

The Council draws your attention to the unacceptable absence of harm reduction benchmarks. The licence structure for the post-2012 environment must have a clearly articulated rationale in regard to how the revised industry structure will improve structural efficiency and reduce harm. Subsequently, in implementing such a licence structure, accountability would best be supported through the development of clearly defined benchmarks regarding the reduction of harm and revenue derived from problem gambling behaviour; and require licence holders to demonstrate adherence to these benchmarks at regular intervals as a condition of licence maintenance.

### **Statistical accuracy**

The Council takes the opportunity to express concern that claims of a significantly reduced problem gambling prevalence rate have not been substantiated. Since early 2006 the official problem gambling prevalence rate in Victoria has been reported as 1.12%, citing the 2003 Community Attitudes Survey (GRP 2003). The government's recent gambling policy statement claims that this figure represents a reduction in problem gambling prevalence from the prevalence rate of 2.15% reported by the Productivity Commission in 1999 (Victorian Government 2006, PC 1999). While the Council does not dispute the accuracy of each survey's findings, the Council does dispute the validity of comparison. This concern is strengthened by the fact that the Community Attitudes Survey itself advises caution when comparing the results of different surveys (GRP 2003; 26).



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