

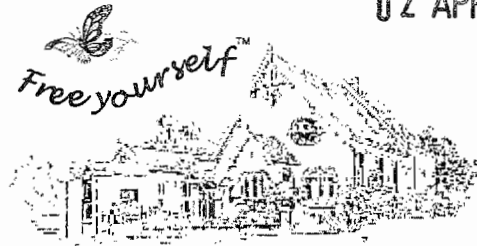


LEGISLATIVE COUNCIL  
Select Committee on Gaming Licencing

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Patron: Rev. Tim Costello

**The Chrysalis Insight Inc**

**Submission**

**to**

**Legislative Council Select**



**Inquiry into Gaming Licensing in Victoria**

**The Secretary**

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## Introduction

Chrysalis Insight Inc would like to thank the Select Committee on Gaming Licensing for this opportunity to make submission to the Inquiry into Gaming Licensing in Victoria.

Chrysalis Insight Inc is a not-for-profit organisation committed to assisting and educating people in crisis due to problem gambling.

Gabriela Byrne, Chair of Chrysalis Insight inc., national Vice President and Victorian representative of Duty of Care, Director of the Free Yourself Program and former gambling machine addict, would welcome the opportunity to speak to our submission and respond to any questions the Committee may have regarding the submission later this year.

The main objective of our organisation is to provide safe alternative environments focusing on re-integration of people directly or indirectly affected by problem gambling.

Our vision is that provision of safe, recreational alternatives (3<sup>rd</sup> places – 1<sup>st</sup> being home & 2<sup>nd</sup> work) to poker machine gambling will make a difference to those who are in crisis due to problem gambling. Social isolation, amongst others is a major contributing factor to gambling addiction. 3<sup>rd</sup> Places connect individuals, decrease social isolation and rebuild strong, health, vibrant and interactive communities. Gaming venues are marketed as 3<sup>rd</sup> places but foster social isolation and contribute to much health, physical and emotional problems in our community.

This submission to the Inquiry into Gaming Licensing in Victoria will concentrate on the Government's principles to guide future gambling Policy and legislative development. Every industry in our states has regulations and legislation in place to protect consumers from harmful products. Concerning the gaming industry we believe that the government needs to move away from the narrow focus on treatment of the "problem gambler" to a broader mandate, focusing on ensuring, promoting and providing a "safe gambling product" for all customers. Strategies to protect the gambling consumer against a proven hazardous product should be developed focusing on the precautionary principle rather than only addressing treatment once people are hurt.

Chrysalis Insight notes, with disappointment, that the reassessment of the total number of gaming machines in Victoria has been excluded from the previous review. It is believed that this exclusion unduly limits the scope of the review and that the high number of gaming machines across the State will continue to have an adverse impact on local businesses and communities affected by already high, and still rising, levels of gaming machine losses. As the circumstances and state of gaming in Victoria have significantly changed since the original cap was set in the early 1990s, a rigorous re-evaluation of the statewide machine cap is required to ensure machine numbers are consistent with the Government's commitment to responsible gambling.

Chrysalis Inc urges the Legislative Council to consider treating EGM's like any other legal product that needs extensive consumer protection measures to make it a safe and enjoyable leisure time activity.

## **Objective**

This submission will comment on point (c) "the post – 2012 Electronic Gaming Machine (EGM) operator licensing in Victoria" and point (e) in the terms of reference: "the effectiveness or otherwise of current measures to minimize and address the incidence of problem gambling in Victoria, the merits of alternative measures.

### **(c) The post – 2012 Electronic Gaming Machine (EGM) operator licensing in Victoria**

We recommend full and transparent separation of the major gambling revenue generators for shareholders, big business interests and governments to ensure probity and regional service equity. The current arrangement means that operators of EGM's have vested interest in maximizing EGM revenue, creating a conflict of interest with measures to reduce problem gambling. This also puts enormous pressure on Gaming Machine operators to make the most profit out of EGM's. So as long as EGM license holders and operators benefit from revenue made from EGM's it will put enormous pressure on all of them to do the bare minimum required of them in legislation and regulation to minimize harm caused by EGM's and to do the bare minimum to facilitate responsible gambling behaviours.

## **Associated Regulatory Framework**

Instead of the current duopoly, we recommend that the Victorian Gaming Licensing Authority issue 4 types of licenses that can not be held concurrently by any one business or individual.

1. Lotteries and ticket based betting
2. Racing and sports events betting
3. Machine and location based destination gambling centers (run by community co-operative, a statutory authority with an independent chair and board of governance). Revenue created would be paid into a "Local Community Trust". This trust would provide an alternative system for the distribution of gambling revenue for community benefit and is to replace both the CSF and the 'community benefits' currently recognised through Community Benefit Statements. The revenue created and paid into this Trust would be locally-owned and operated to provide local benefits. Such a mechanism would deliver a fairer means of ensuring that gaming revenue is returned to the local community in proportion to gaming losses from that community. It would also create a more transparent, efficient and effective process of applying gaming

revenue to deliver improved health and wellbeing outcomes for local communities.

4. Local clubs gambling. Clubs would also be required to contribute 8.33% of gaming revenue into the Community Trust fund, like hotels have to do at the moment into the Community Support fund. The overwhelming majority of community benefit claimed by clubs under the existing system is the employment of staff.

The separation would ensure probity and more transparency. By uncoupling the link between ticket betting, racing and events betting from EGM's it will ensure that the subsidy to the whole industry is not dependent on the health of either one operator need to create the money in the gaming machine market.

In accordance with these objectives we would suggest

1. Increase the range of reasonable access to quality non-gambling community services for recreational activities and hospitality. This will increase the number of opportunities for Victorians to make real choices in how they spend their time and money.
2. Ensure that gambling revenues benefit the communities where they are generated.
3. Ensure that licenses for betting revenues should be allocated in each region on a per capita basis to ensure revenues from machine and destination based betting are distributed equitably between all Victorian regions. If the local community objects to destination gambling venues, the number of gaming machines allocated to that region must not be distributed among other regions.
4. The set-up and control of regional destination gambling centers would be the responsibility of a community co-operative, a statutory authority with an independent chair and board of governance with vast experience in health, sport, events co-ordination, the arts, research, and communication. This community co-op would work in partnership with local government, organisations, communities and individuals to promote recreational alternatives to poker machine gambling. The total removal of EGM's from local Pubs will limit the accessibility to gaming machines for the community and hopefully restore the function that local pubs used to have in Victoria. These destination rather than convenience gaming centers would create jobs and income for local businesses and ensure that money spent in these centers would be re-invested into the regional community, by developing, supporting and promoting recreational alternatives.
5. A transition phase for the movement of machines out of hotels and the development of destination gambling centers should be implemented before 2012.  
Please note the experience of The Netherlands in regards to EGM's in 1988. After experiencing a significant increase in problem gambling over a 6 year period the Dutch Government in 1994 called for a removal of **64,000 EGM's** out of stores and Neighbourhood facilities by 1998. It shows that it is possible

to remove a large number of machines than exists in the whole of Victoria within a 4 year period.

6. From 2012 there should be compulsory disclosure of all gambling revenues, payouts and taxes by each license-holder.
- (e) The effectiveness, or otherwise of current measures to minimize and address the incidence of problem gambling in Victoria, the merits of alternative measures.

In his book “Gambling as an Addictive Behaviour: Impaired Control, Harm Minimisation, Treatment and Prevention”, Mark Dickerson<sup>1</sup> concluded from a study of over 700 regular Poker machine players that “The experience of impaired control, i.e. being unable to stick to limits of time and money spent gaming is very common among players who play pokies **once per week** or more often,” concluding that it is a natural response to modern sophisticated and entertaining poker machines. Obviously the product has to be looked at and measures put into place to prevent people from buying more than they intended to when they play. The following measures are based on principles of safe-guarding the right of gamblers to make rational decisions about their gambling behaviour.

- a. Introduce technologies such as smartcards etc., to enable players to exercise more choice, limit the size of their losses and subsequently retain greater control of their life style and incomes. The commonly reported impaired control is a natural response to the very sophisticated and purposeful design of poker machines. With a pre-commitment protection option consumers would be offered the opportunity to make rational and controlled choices regarding the amount of time and money that they are able to spend on this product. Smart cards, etc. should only be able to be obtained at a location removed from the venue and purchased prior to commencing play. (this device could be applied to gambling products other than EGM’s) With the introduction of a technical device (smart card, etc) “Self – Exclusion” would be able to be monitored and had a chance of being successful.
- b. Remove ATM’s from ALL venues and allow deposits and payouts only through a credit control system (smartcard, etc). This is very important to ensure compliance with federal government money laundering legislation and reduces the risks of unplanned over spending that occurs once players become engrossed in continuous form of gambling.
- c. Ban on note acceptors;
- d. Measure and monitor each type of license and the win/loss consequences for products, regions and service provision.

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<sup>11</sup> Dickerson, Mark & O’Connor, John. 2006, “*Gambling as an Addictive Behaviour: Impaired Control, Harm Minimisation, Treatment and Prevention*”. Cambridge University Press

- e. Legislation for any change to EGM's proposed by industry to be researched by independent researchers and permitted only if it can be proven that the proposed changes will not increase the level of problem gambling.
  - f. The speed of the poker machines and the number of betting combinations is to be reduced by 50% to make this a reasonable limit for the average player.
  - g. A maximum bet limit of \$1 per button push on all machines
  - h. Reduction in the maximum number of lines that can be bet on to five lines;
  - i. Reduction in the maximum number of credits that can be bet per line to five credits in increments of 1, 2, 3, 4 & 5 credit per line.
  - j. Mandatory breaks in play every 30 minutes, where the EGM will not play until a pop-up screen shows the following information
    - i. informs the gambler of their net win loss since beginning play
    - ii. informs the gambler of the hourly rate of loss should they continue betting at the current rate
    - iii. asks the gambler if they wish to continue playing
  - k. No player is to be allowed to bet on more than one machine at anyone time;
  - l. Prohibition on linked jackpots;
  - m. Removal of the double-or-nothing feature;
  - n. Limiting the opening hours of the gaming area.
  - o. Mandatory 8 hour closing time of all gaming rooms in all venues **between 01:30am and 09:30am each day**
7. All credit holders must be supplied with a statement of deposits and withdrawal records at the end of each calendar month and an indication of their win/loss ratios.
8. Every gambling license holder is required to provide a full range of on-site counseling and special support services.

### **Government support of local initiatives, clubs and businesses that provide “More Play (low cost recreational activity) Spaces” and “Fewer Pay (high cost gambling) Spaces”**

The provision of safe, recreational alternatives to poker machine gambling will make a difference to those who are in crises due to problem gambling. Very often “social isolation” is the underlying cause why people chose to go to gaming venues.

Places, like Neighbourhood Houses, Community Houses etc., local Hotels (without pokies) who once provided this space for people who were looking for low cost social interaction, are struggling to meet cost and be sustainable. All the money derived from the Community Trust with the support of local and state Government should be used to benefit the local community. It would involve actively engaging with community needs and financially supporting the development and promotion of venues that offer a full range of recreational activities (e.g. gymnasiums, cinema's,

snooker halls, restaurants, bars, disco's, café's and tourism events such as art shows, farmer's markets etc.).

## Summary

These measures will help to considerably reduce the negative impact that excessive gambling has on the people of this state. Reducing the number of venues and introducing destination gambling will limit accessibility, and introducing duty of care & consumer protection measures will reduce significantly the losses that individuals can accumulate in a specific time. Making gambling just one of many activities on offer in a vibrant active community would give the consumer real choices on how to spend their leisure time and hopefully prevent more people from falling into the gambling trap.