



A U S T R A L I A N
H O T E L S
A S S O C I A T I O N
(N S W)

Supplementary Submission

to the

**Independent Pricing and
Regulatory Tribunal's**

**Gambling Harm
Minimisation Review**

Executive Summary

Thank-you for the opportunity to allow the Australian Hotels Association to submit a supplementary report to the Gambling Harm Minimisation Review.

The hotel community in New South Wales has a long and distinguished history demonstrating compassion and care towards society, and particularly those in trouble (e.g. drought and fire victims, hospitals, community services). Since electronic gaming machines (EGMs) were introduced into hotels in New South Wales, the hotel industry has been proactive in extending our traditional culture of compassion and caring to persons with gambling related problems.

GameChange was introduced by the AHA on behalf of its members well in advance of any such regulations relating to responsible gambling. GameChange is the AHA funded scheme of counseling and self-exclusion that is actively promoted to gamblers throughout New South Wales. Some 2,040,000 GameChange cards have been positioned in 22,347 cardholders that are attached prominently on the side of EGMs in hotels throughout New South Wales. Moreover, GameChange has assisted to create a culture of responsible gambling management in 1561 hotels throughout New South Wales that cannot be achieved through regulation. It has effectively lowered barriers to counseling services to clients and as at November 2003 has assisted 927 people.

Indicating that there is little link between EGM availability and problem gambling, 53.5% of GameChange's clients come from regional areas of New South Wales with low numbers and densities of EGMs. 39% of GameChange's clients are female. The vast majority of GameChange's clients have multiple, undiagnosed and pre-existing co-morbid traits. That is, their problems do not lie with gambling alone and GameChange should be seen as making professional counseling services available to people with more than problems related to gambling.

Evidence from the GameChange's program suggests that it is not correct to assume that the vast majority of problem gamblers spend large amounts of money gambling.

Any assertion that hotels rely on problem gamblers for large proportions of their gambling turnover is clearly incorrect.

The AHA is proactive in the future development of responsible gambling measures and has so far spent \$100,000 on a study with Macquarie University to review and improve GameChange as a tool to assist people with problems.

The conclusion must be drawn, that based on current evidence, the creation and constant revision of consumer safety nets such as GameChange are the best way to manage responsible gambling.

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1 Introduction

This supplementary submission by the Australian Hotels Association (AHA), on behalf of all members and their staff, is in response to the Independent Pricing and Regulatory Tribunal's Review of Gambling Harm Minimisation. This submission describes the hotel industry's philosophy and programs to minimize harm from problem gambling. Wherever possible, this submission presents evidence to support its opinions. It also observes instances where there is insufficient or deficient evidence on which to base public policy. The submission commences by outlining some of the issues related to the administration of responsible gambling confronting the industry.

The hotel industry in New South Wales is proud of its long and distinguished heritage in the responsible management of a range of highly regulated consumer goods. Not only do hotels have a commercial imperative to operate within a vast number of laws and regulations to protect the sustainability of the industry and the public good, the hotel community has long demonstrated compassion and caring towards our customers.

The cornerstone of the hotel industry is that owners and service providers care about people, and they actively assist the community. Communities in the bush, charities and worthy social causes have long been the beneficiaries of the hotel industry's willingness to help others. For example, during 2002, hotels donated \$200,000 to the NSW Bushfire Appeal, \$500,000 to Diabetes Australia, \$1million to the Prince of Wales Medical Research Institute, \$200,000 to the Sydney Children's Hospital in Randwick, \$200,000 to the Australian Paralympic Committee and Life Education, and \$250,000 for Mission Australia and City of Sydney Outreach Service. This is tangible evidence of the compassion and efforts of the hotel community to assist people in hard times. People with problems manifest through gambling consumption are a special needs group that the hotel industry has specifically tried to assist, and will continue to do so in the future.

2 Responsible Gambling Management in the Hotel Industry

Problem consumption, and in particular problem gambling, is very difficult to identify and therefore difficult to prevent. Introducing possible problem gamblers to professional assistance as soon as possible is generally regarded as the optimal way to treat problem gambling. Providing the problem consumer with the opportunity to self-exclude from the gaming room in the venues offering their preferred form of gambling is a strong measure designed to support counseling services and immediately assist the client desist possibly harmful behaviour.

Working with the best available information, the Australian Hotels Association in New South Wales has developed a comprehensive scheme that assists self-nominated problem gamblers from entering into hotel gaming rooms, lowers barriers between consumers and counsellors by promoting counseling services, and makes counsellors accessible in all areas of this large state. The AHA and hoteliers have consistently demonstrated that they are world leaders in pioneering and implementing measures of responsible gambling.

2.1 Review of the AHA's Current Responsible Gambling Measures

Since the introduction of EGMs into hotels in New South Wales, the AHA has worked diligently to broaden the hotel industry's culture of compassion and caring to include patrons with problems manifest in gambling consumption. Hotels have adopted not only the letter of the law (clauses 46 and 47 of the NSW Gaming Machines Regulation 2002) in relation to the provision of problem gambling counseling and self exclusion schemes, but measures of responsible gambling have been embraced by an industry interested in the long term interests of friends, coworkers and customers. Today, **GameChange is part of daily management practice in 1561 hotels throughout New South Wales.**

Each year the AHA (NSW) spends approximately 20% of its overall budget on responsible gambling initiatives. As a large proportion of the AHA's total operating expenses, this annual financial expenditure is indicative of the hotel industry's real

commitment to responsible gambling. **GameChange is a very well resourced assistance program and gets all the managerial, technical and monetary support needed to meet its charter, and continue to be innovative and develop to meet society's changing needs.**

2.1.1 Hotel Gaming Code of Conduct

Members of the AHA that provide EGM facilities for the use of their patrons are bound by the *Hotel Gaming Code of Conduct* (see Appendix Two). This code is a **public promise by each hotel to provide gaming entertainment in a safe and responsible manner.** In short, the *Hotel Gaming Code of Conduct* is an agreement in which **hotels acknowledge one of their primary objectives to be gambling harm minimization.** There are presently ten points related to responsible gambling and harm minimization specified in the *Hotel Gaming Code of Conduct*.

The *Hotel Gaming Code of Conduct* demonstrates the hotel industry's long-term commitment to the management of responsible gambling and is a reflection of the community-orientated culture within the hotel industry. It should be emphasized that the AHA introduced this initiative well before the State Government mandated harm minimization measures. The introduction and management of the *Hotel Gaming Code of Conduct* is consistent with the AHA's position as a world leader in responsible gambling management.

The *Hotel Gaming Code of Conduct* is prominently displayed in the gaming room of AHA members in New South Wales, and often in other parts of a hotel. These signs act as points of reference and reminder to all hotel management, staff and consumers. **Mere exposure to the Code of Conduct and GameChange literature assists to reduce any perceived barriers to counseling and provides a cue to those with problems where to find assistance.**

2.1.2 Trained Professional Service Providers

Hotel management and staff have never been as well trained or as professional in the performance of their duties as at present. Training specifically extends to the responsible serving of alcohol and the management of gambling services. Apart from formal accreditation, staff in AHA member hotels regularly receive ongoing workplace training and guidance in the practices of responsible provision of gambling and alcohol services.

The benefits of the responsible management of hospitality services reflect the hotel industry's good community citizenship as well as the commercial reality that problem consumers (both alcohol and gambling) are not conducive to good business. The outcomes of responsible service are specifically nominated by the AHA's Responsible Service of Alcohol Course Workbook (2003) to include:

- Improved patronage.
- Increased profits.
- Safer Premises.
- Reduced police presence and enforcement problems.
- Less government intervention (police, liquor authorities, and local councils).
- Satisfied staff and patrons.
- Improved image of premises and liquor industry.
- Reduced operational costs (security, legal and repairs).
- Improvement of the total experience of customers.

During their training on the Responsible Conduct of Gaming, all staff involved in gaming are made expressly aware of the potential implications of combining alcohol and gambling. During formal training, and again during workplace training and guidance, staff are repeatedly made aware that the adoption of best practice principles can lessen gambling and alcohol problems, and provide favourable outcomes to the community (and to the hotel). Staff are also made aware (and reminded in the workplace) of self-exclusion schemes and the ready availability of counseling services. All game room trainees also learn that the AHA in New South Wales has

developed a world-leading program that promotes and proactively supports a range of counseling networks and a very effective self-exclusion program called GameChange. Through the AHA's involvement, there is as much emphasis on the culture of responsible management as the operational regulatory requirements.

2.1.3 GameChange

GameChange was developed by the AHA to proactively manage consumption issues that may be associated with EGMs in New South Wales' hotels. The program was trialled from March 2000, and actively sought feedback for improvement during the trial. The New South Wales Minister for Gaming and Racing launched the revised GameChange program in November 2000. A full timeline of the evolution of the responsible gaming framework undertaken by the AHA can be found in the Appendices. GameChange was developed by qualified professionals specifically for hotels and their patrons, and is constantly being improved.

The New South Wales hotel industry is committed to making a difference and helping people with problems. **As at November 2003, GameChange have conducted 927 self-exclusions.**

A real reflection of GameChange's success is the diversity of clientele. Indicating that problem with gambling has evolved from being male orientated, and in marked contrast to the perception that hotels are male domains, **39% of GameChange's clients are female.** A further sign of GameChange's broad-based acceptance in the hotel industry is that **53.5% of GameChange's clients are drawn from regional areas of New South Wales.** This confirms that GameChange is truly a statewide program of assistance. **It also provides evidence to support the position that problem gambling is not linked to the numbers or density of EGMs in a market place** (section 3.1.8 explores this issue in more depth).

GameChange is designed to assist people to improve their life by helping them take the first steps towards reclaiming control of their lives. A binding agreement for self-exclusion from hotel gaming rooms is a foundation of GameChange. The principle of

self-exclusion is designed to prevent persons with problems associated with gambling from entering the gaming room at a hotel and thus assists them to establish new pattern and rituals in life.

To initiate GameChange, all patrons have to do is to collect one of **the 2,040,000 GameChange cards** so far distributed to hotels from the side of an EGM and make a telephone call to a 24 hour trained operator assisted service. Some **22,347 GameChange cardholders have been supplied to member hotels since 2000** and are **positioned on EGMs in AHA member hotels** in New South Wales.

Although staff and hoteliers are trained in the responsible management of gambling and often refer customers to GameChange, or to G-Line in the advent of an immediate crisis, **a strong feature of GameChange is that it is administered off-premises and allows the patron to directly and privately connect with professional help.** That is, patrons do not have to ask hoteliers and staff to be restricted in their movements in hotels. Regardless of training, a request for self-exclusion can be embarrassing for all parties, and the right moment may never arise for the patron. Instead, GameChange provides an incentive for a person wanting to stop gambling to see a trained professional counsellor and thereby removes a potential barrier to counseling. This methodology also protects consumers from having to enter premises in which they have been unable to control their gambling (and risk another session of gambling) until they feel confident in their ability to control their own actions.

A further feature of GameChange is that it is **centrally coordinated.** By contacting the AHA, it is possible (and probable) that a consumer will be able to self-exclude from the gaming rooms at hotels in designated areas. **Hence a visit to undertake the self-exclusion paper work simultaneously results in self-exclusion from the gaming hotels in which the person feels at risk.** It is typical for a patron requesting self-exclusion to exclude themselves from gaming rooms in hotels near their home, work and other traveled routes.

Counseling can only assist people who are ready and want to be assisted. Hence, while people may claim they want to stop certain behaviours (e.g. quit smoking, don't eat as much fatty food), they are not always prepared to back their words with actions.

This is consistent with the general principles of psychology and consumer behaviour that show intentions are poor indicators of actual behaviour. The deed of self exclusion is explained in full by a GameChange Counsellor in the metropolitan parts of Sydney, or by a nominated solicitor in regional parts of New South Wales. **Signing the GameChange deed of self exclusion is a major first step** for people with problems associated with gambling, and indicative of their commitment to improve their life and manage their problems. **The exclusion deed is a non-private commitment to legally give up any right to what is otherwise is a public area of a hotel (gaming room).**

It only takes 48 hours to be excluded from as many hotel gaming rooms as required (though this may be expedited as requested). Photographs of patrons entering into the self-exclusion deed are then circulated to the nominated hotels. Hotel management and staff members are then asked to examine the photographs as part of their daily work duties. If at any stage staff believe they have sighted a lapsed self-excluder, they will double check the identity with the photo-board in the hotel.

GameChange is a program of partial self-exclusion, in that the patron can still frequent other areas of the venue such as the bistro. The AHA adopted this policy in recognition that a total “all-of-venue” ban could constitute a disincentive for a problem gambler to participate, especially in socially isolated regional communities. The self-ban service is free-of-charge to participants, is for a minimum of 12 months and multiple self-exclusions are encouraged from as many hotel gaming rooms near to where the participant lives, works, and socializes as necessary.

Should the identity of a lapsed self-excluder be established, the self-exclusion deed empowers the hotel to request that that person leave, provide grounds to call police for failure to leave the premises, or to physically remove that person from the hotel. Self-exclusion offers hoteliers a legal back-up and creative license to be as strict as necessary to assist a lapsed patron. To the best of our advice, exclusion may be the optimal method to assist many people break their downward spiral, and the driver to successful treatment from counsellors. It provides self-excluded patrons with the opportunity to “blame the machines” while they learn to take control of their own actions. **The vast majority of patrons using GameChange have multiple and**

undiagnosed co-morbid traits that adversely influence their life. Preventing clients gambling is one step towards assisting them to live the life they choose.

The greater community benefits by GameChange extending assistance to these clients with co-morbid problems not previously diagnosed, but who also have some problems with gambling.

While the long term tracking of problem gamblers is very difficult (many move home on a regular basis and prove difficult to find), it is the AHA's opinion that self-exclusion supported by an undertaking for counseling has resulted in higher rates of treatment success. GameChange provides a ritual of change – prohibiting old behaviour while a new life is commenced. **A low percentage of clients to breach their GameChange agreement, and the AHA is consistently reviewing new methods to make GameChange more successful.** To learn more about problem gambling and how to better customize the program, the AHA is undertaking a comprehensive study into the effectiveness of GameChange with Macquarie University over the a three year period.

2.1.4 GameChange Processes

The following is an overview of the GameChange process that is set up with counseling organizations to assist their clients to self-ban.

1. Counsellor informs client of the existence of the program
2. Client is given copy of the explanation of the program and a copy of the Deed of Self Exclusion (Explanation located at <http://www.aha-nsw.asn.au/>)
3. Client agrees to enter into the program
4. Counsellor emails Rowan Cameron (GameChange manager) selfexclude@aha-nsw.asn.au with details of the client's name, postal address, contact number as well as the length of time for the self ban (Min. 12 months - Max. 36 months) and an indication of the gaming rooms of which venues in what districts they wish to ban themselves from.
5. If the client lives in Sydney, he/she attends an interview with Rowan Cameron at the AHA (NSW) offices in Haymarket/City. For those clients living outside

of Sydney, we arrange a local solicitor/representative at a time and location convenient to the client.

6. Client attends AHA or solicitor interview (with or without counsellor) bringing a passport-sized photograph of self. The client is made to understand the Deed of Self-Exclusion, which they are then invited to sign.
7. Solicitor sends completed, signed deed back to AHA along with all photos (or Rowan Cameron undertakes this function at the AHA). Client keeps one signed original self-exclusion deed as record of their self-ban.
8. AHA distributes photos and copies of the deed to each participating hotel venue along with detailed instructions as to how the venue should comply with the self-ban.
9. Counsellor follows up on client to ensure they ban themselves from clubs in their area.
10. Solicitor bills AHA for all related expenses.
11. Shortly before self-exclusion expires, AHA contacts client advising them of the approaching expiry and establishing whether the client wishes to extend their self-ban or allow it to expire. In the event the client no longer needs self exclusion, the hotels are advised by mail that the client is no longer a self excluded person and they're instructed to destroy all photographs and other evidence so that there is nothing to suggest the client was ever a self excluded problem gambler.

2.1.5 The GameChange Statewide Network

The AHA's program of GameChange is not just about helping individuals gain assistance or sustaining cultural change in the hotels. GameChange actively strives to build relationships and networks with counseling practitioners to build awareness of GameChange and the processes at work. To this end, GameChange facilitates and encourages feedback with Counsellors to improve the management of responsible gambling and pioneer improved methods of counseling.

Since inception, GameChange has been introduced to wide sections of the community through public seminars, presentations and meetings throughout New South Wales. For example, GameChange presentations have been made to countless community meetings convened by local governments throughout the state and guest lectures have been made to university students in subject areas such as psychology and hospitality.

GameChange is the only major responsible gambling service to have participated in each of the NSW Regional Gambling Counsellors Forum. This Forum consists of approximately 25 Counsellors from regional areas of New South Wales. The Forum meets each quarter to discuss mutual interests and to make a contribution to the management of problem gambling. It also provides a vehicle to encourage communication with the hotel industry, and to recognize that better results will be achieved through co-operation.

2.1.6 GameChange Management

In November 2000, the Australian Hotels Association (NSW) appointed a specialist gambling counsellor as part of their on-going commitment to responsible service of gaming in NSW. Mr Rowan Cameron was a driving force in helping the AHA establish GameChange and now works to manage and improve this program. An experienced and well-qualified counsellor, Rowan holds a Degree in Counseling and Diplomas in Psychotherapy and Relationship Counseling, and Psychology. Rowan's experience as a counsellor includes positions with Relationships Australia, the Probation and Parole Service and the Jansen Newman Institute.

While working for the AHA Rowan set up and operated GameChange to be a statewide program of "self exclusion" where patrons, recognizing they have a gambling problem, can volunteer to exclude themselves from one or more hotels and their gaming facilities. In addition, Rowan works with relevant stakeholders throughout New South Wales to build a network of specialist counsellors so that AHA members and their staff can refer patrons for treatment for their gambling, co-morbid and other problem behaviours. While most counseling work referred by the AHA is

undertaken by a Casino community benefit fund (CCBF) paid counsellor, the AHA has paid for counselling when a CCBF paid counsellor is not readily available.

A feature of Rowan's role at the AHA is his autonomy to act in the best interests of the hotel industry and patrons. In many ways, Rowan can be described as "industry conscience" and is proactive in working with regulators (e.g. police, licensing officials) to ensure hotel compliance. Rowan is seen and heard within the AHA and the hotel movement. Apart from working in the AHA offices, attending industry functions and visiting many venues, each month Rowan writes an article in *Hotel News* that updates hoteliers and staff of the latest issues in responsible gambling management. Many of these articles are directly relevant to issues in hotels and provide examples of commonsense and collaborative solutions to problems related to responsible gambling management. These articles work to reduce the barriers between hoteliers and Counsellors. Hoteliers are increasingly seeing GameChange and Rowan as a valuable resource as they seek to improve their management of gambling issues. Rowan's comments are also often in the media. Copies of Rowan's monthly newsletter can be found in the Appendices.

2.2 Documenting GameChange's Success

The AHA knows of no published performance metrics on which to measure the administration and performance of gambling counseling services, or any criteria on which to judge GameChange's success. As part of this submission it is suggested that more documented feedback into the performance of counseling services would provide insights that can be used to better manage services and resources, and may result in learning that would lead to improvements in the treatment of clients. The AHA is aware of this potential deficiency in GameChange and is proactively working with Macquarie University (see section 2.3 for more information) to assess its performance since inception.

In most counseling services there is a reliance on testimonials and anecdotes to indicate the benefits of problem gambling counseling. Several such testimonials are presented in the Appendices.

2.3 Future Directions for the AHA's Responsible Gambling Measures

It is generally regarded that past behaviour is the best indicator of future behaviour. The AHA has established a strong and comprehensive program to assist problem gamblers. Further, it has embarked on a program to make professional counseling available and inviting to possible problem gamblers. It is the AHA's intention to learn from the past and to continually improve the administration of responsible gambling for hotels and patrons in New South Wales.

It is clear that problem consumption associated with gambling is dynamic and a great deal more research is required in this area. As the AHA is strongly committed to compassion and caring for those less fortunate, we recognize that there is a need to better understand the people that receive the benefits of GameChange now and in the future. The AHA and the hotel community are committed to that task.

Future developments being considered by the GameChange team and its network are ways to better inform and educate players about the games they are playing, and to help society learn there can be downsides. A range of operational improvements are also being investigated including:

- Working with existing and new technologies to improve the performance and possible automate the self-exclusion program.
- New ways to communicate with clients to make them aware of options rather than returning to old habits.
- Developing better ways to document learning and knowledge management of problem gambling through hotels and the counseling community.
- Industry run gaming room operations audits to ensuring all staff are aware of how they can assist patrons, with a view to earlier detection and referral of problem gamblers.
- Further promote responsible gambling training and strengthening the culture in hotels.

- Develop more effective means to communicate the benefits of GameChange with non-English speaking people.
- Better systems for counsellors to remain in periodic contact with clients.
- New ways to raise awareness levels amongst at risk consumers that problem gambling services are readily available, are without stigma, and will really assist people at no cost.
- Prevention of problem gambling through education and awareness (this would make it easier to treat other co-morbid traits).
- Increasingly professional promotion of GameChange.
- Investigating ways to lower barriers to counseling services.
- Improvements to the AHA's website to assist counsellors and clients share information (e.g. posting questions as FAQs, chatrooms).

A major initiative to review GameChange is presently being undertaken by the AHA in conjunction with leading academics from Macquarie University. To this end, the AHA have already invested approximately \$100,000 with Macquarie University to set up an extensive research program into GameChange and ways in which it can become more effective. In recognition that this research program may benefit the national and international communities through the generation of new knowledge, the AHA is joining with Macquarie University in a formal submission to the Australian Research Council seeking a linkage grant funded study. At the time of writing, a comprehensive survey had been developed and was undergoing testing. The results of this research should be available in late 2004 and be publicly released in journal articles and conference papers during 2005 and beyond. The AHA will use this information to improve GameChange and to take any further actions necessary to better manage responsible gambling in hotels and the general community. It is expected the AHA will continue with a program of research in partnership with University based academics.

3 Existing Measures of Responsible Gambling

Above and beyond their minimum legislative requirements (e.g. Occupational Health and Safety, Responsible Service of Alcohol), hoteliers and the people that work in hotels care about their customers. As the topic of this review is gambling harm minimization, it is appropriate to discuss issues related to the measurement and definition of problem gambling.

3.1 Defining Problem Gambling

It is difficult to think of a product or service without some associated problems by a small proportion of the population. Just as there are problems related to the consumption of most goods and services, some people have problems with gambling (be they with products such as lotto, scratch-its, roulette, card games, electronic gaming machines and wagering). In the ideal world, no person would have any consumption related problems. Unfortunately, in the real world some problems do exist.

It is just not possible to eliminate problem consumption from any good or service. Thus the key issue is the management of problems. The hotel community shares in society's ambition to reduce the impact of problem consumption and the need to care for those less fortunate. A logical starting point in reviewing responsible gambling practices is to gaining a better understanding the definition and nature of the problem.

3.1.1 Measures of Problem Gambling

The most common tools used to identify and measure problem gambling in Australia are the South Oaks Gambling Screen (SOGS) and the American Psychiatric Association's Diagnostic and Statistics Manual questions (DSMIV). It should be noted that these measures were designed for use in clinical environments outside Australia, are not product specific, do not adequately consider consumption patterns between normal and abnormal behaviour, rely on self-reported information (a major methodological flaw in the assessment of mental illness) and have been fundamentally

misapplied in intercept and telephone surveys without adequate recognition that these survey methodologies fundamentally corrupt the face validity and purpose of these measures (c.f. Stinchfield 2001). Indeed, Australia's Productivity Commission (1999, 23.7) notes that the weaknesses of SOGS and DSM IV are well known and that continued work is needed to improve these and other measures of problem gambling.

The basic premise of measures such as the SOGS and DSMIV is that a series of questions relating to gambling and the emotions felt when gambling sometime in the past will result in a "score" that will accurately indicate a level of probable pathological gambling. For example, the DSMIV is a series of ten questions related to gambling that require a yes or no response. It is generally considered that clients who provide 'yes' responses to more than five questions have severe problems with gambling. Those clients with a score of five or less have moderate gambling related problems.

It is stressed that measures such as the DSMIV only focus on the act of gambling, rather than the consumption of any specific product (e.g. baccarat, lotto, horse wagering). Hence the inference of problem gambling associated with EGMs generally come from additional questions about the gambling activity that the consumer prefers. Changes in the severity of problem gambling associated with a specific product such as EGMs is an important dimension of the problem gambling as it reflects the level of severity associated with a particular product, rather than across a range of products. Not only will this influence the treatment provided to clients, this knowledge can provide valuable information to the hotel industry, public policy makers and EGM manufacturers interested in responsible marketing.

The following sections 3.1.2 to 3.1.8 provide further information that measuring and managing gambling consumption and problem gambling is a sophisticated issue.

3.1.2 Patterns of Consumption – Gambling and Other Products

Studies have empirically shown that the consumption of some gambling products do not differ to the consumption patterns of many other goods and services (e.g. Mizerski and Miller 2003). The implication of this finding that patterns of consumption do not

differ between gambling products and many other products is that problem consumption is likely to exist in most goods and services. Just as the analysis suggests that it is reasonable and typical to have heavy and light consumption of most goods, that it is reasonable and typical to have some consumers with problems in the consumption of goods and service, including gambling. It is suggested that problem consumption is part and parcel of nearly all goods and services, including gambling. Stochastic patterns of consumption are evident in many goods and services, including gambling products, and implies that problems do not necessarily lie with “heavy” consumers. Indeed, a growing body of case **evidence from the GameChange program reveals problem gamblers do not spend large amounts of money on gambling. Any assertion that hotels rely on problem gamblers for large proportions of their gambling turnover is clearly incorrect.**

Although evidence suggests that consumption patterns of gambling products are very similar to many other goods and services, there is little doubt that gambling is treated differently to other consumer goods by lobbyists, regulators and the media. This is an example of a small minority of activists striving to impose their opinions on the vast majority of the population that actively engage in the consumption of gambling products, and do so without problems. It is more common for scholars, prosecutors and consumer advocates to characterise the consumer as the innocent victim of predatory business practices than does the consumer when faced with a concrete problem (Steele 1977).

It is well documented in the general media that we are all living in an increasingly litigious and legislated society as consumers and lobby groups seek to blame third parties for their excesses and problems. Recent changes to the insurance industry legislation is evidence that society can not and will not sustain a culture of attribution of blame from behaviour and associated harm onto third parties. Ultimately, individuals are responsible for their own actions. That said, and in a civilized society, we all have a duty of care to those around us, and the hotel industry is in no way trying to abrogate their responsibilities in the administration of highly regulated products. Rather, this report documents that hotels demonstrate levels of care above and beyond that which is expected of them, and present strong role models as a good corporate citizens.

3.1.3 Identifying Consumers with Problems

It is impossible to distinguish problem gambling consumption from normal gambling consumption on the basis of expenditure. A fundamental weakness of most gambling screens is that they rely on self-report information and do not have objective measures for expenditure that constitute problem gambling. This reliance on self reported information is a methodological flaw with gambling screens as gamblers are notorious for misrepresenting their position and this has been defined in the psycho-social literature as conditions such as attribution (blaming other factors for their actions), denial and “illusion of control.” Studies in market and consumer research also suggest self-report data is inaccurate when compared with actual behaviour. Further, many problem gambling screening measures do not determine income and expenditure at all, and there are few or no objective tests to truly establish a problem gambler’s true position. **Hence it is possible to have a problem gambler who spends only a few dollars in gambling each week defined as a chronic problem gambler, whereas a consumer that spends thousands of dollars each week is not a problem gambler.**

It must be recognized that it is extremely difficult to accurately identify and measure problem consumption, and particularly problem gambling. Few problem gamblers show any physical symptoms. Further, problem gamblers are considered very good at misrepresenting their true condition and hiding their disorder. Hence questioning by trained staff may not reveal a problem, or truly establish the identity of a problem gambler who does not want to be identified. Failed attempts at intervention at venues are likely to be embarrassing for the service provider, lead to false positives, and may be insulting (or clinically damaging) to a patron.

3.1.4 Gambling Consumption is Product Specific

The very definition of problem “gambling” is inappropriate. Most gambling studies are deficient in that they do not differentiate between the various forms of gambling (c.f. McMillan 1996). That is, most authors discuss the act of gambling or problem gambling rather than identify the behaviours associated with different products, brands or forms of gambling. There are clearly different patterns of consumption between different forms of gambling (e.g. in lottery games the consumption patterns in mid week lotto games differ to weekend lottery, which is again differ to scratch-games). Different individual consumers undertake different forms of gambling and there is low cross-elasticity of demand. For example, mid week lotto players generally do not consume scratch-its, and most EGM consumers generally do not consume wagering products. Further support for the claim that different gambling products have different attributes can be found in Abt et al.’s (1985) framework that seeks to define gambling products by their attributes. Similarly, other researchers have noted differences in consumer motivation among different forms of gambling (c.f. Blaszczynski et al. 1986; Adkins, Kreudelbach and Toohig 1987).

It is suggested that an extensive amount of research and sophisticated analytical modeling is required to (1) identify different EGM product characteristics that can influence behaviour, and (2) then associate any of those characteristics with problem gambling. Further and very elaborate research and analysis will then be required to establish causation between product attributes and problem gambling. In undertaking any such research program, it is entirely likely that a causal link between product attributes and problem consumption will not be found as problem consumption associated with product characteristics will be stochastic. It must also be remembered that the number of problem gamblers relative to the general population is very small (especially if problem gamblers with co-morbid traits are excluded – see section 3.1.5), and that it may not even be possible to undertake methodologically sound analysis to establish causation between EGM product attributes and problem consumption.

3.1.5 Co-morbid Traits and Problem Gambling

Case based data from GameChange provides considerable evidence of the existence of co-morbid traits associated with problem gambling. Indeed, there is a growing body of evidence suggests there may be co-morbidity between products such as gambling, alcohol and smoking that are linked to personality traits (Productivity Commission 1999). In one of the first recorded studies into adolescent gambling behaviour, Amati (1981) noted a clustering of adolescent behaviour such as smoking, drinking and gambling. Lesieur et al.'s (1991) study using the South Oaks Gambling Screen found significant correlation between problem gamblers and tobacco use, getting drunk, illegal drug use and arrests for drugs. In a study investigating correlates of gambling in adolescent males, Vitaro et al. (1996) report that frequent gamblers smoked more cigarettes and consumed more alcohol than non-gamblers. Feigelman, Wallish and Lesieur (1998) note that previous research into chemically dependant populations has revealed between 20% and 30% have gambling problems, and find dual-problem individuals tend to be younger than exclusively problem gamblers or substance abusers. There are suggestions that depression is a major problem for pathological gamblers (e.g. Blaszynski et al. 1990) and reports indicate that between 24% and 40% of pathological gamblers have previously visited mental health professionals prior to their gambling. It is claimed that 70% of problem gamblers suffer from depression and approximately 20% contemplate or attempt suicide (Conway 1998). In a working paper on problem gambling on the Gold Coast delivered at the National Association of Gambling Studies annual conference, Miller and Marquass (2001) estimate that over 80% of problem gamblers report co-morbid traits.

The data in Figure One is reproduced from the Miller and Marquass (2001) presentation. It clearly shows the existence of co-morbid traits that may be related to problem gambling in a clinical environment. Respondents are given a selection of a number of correlates¹ related to the correlates based in DSMIV:

¹ These correlates are then ranked by the counseling service as; non-existent, mild, moderate or severe.

- Financial. For example, spending more on gambling than they can afford², gambling to win money to pay off debts, unable to repay borrowed money.
- Interpersonal issues (relationships). For example, whether gambling has created problems for friends and family, causes arguments about money, has caused the break-up of important relationships.
- Intrapersonal issues (e.g. mood, anxiety, guilt, depression). Whereby the respondent thinks they have a problem, experiences distress, uses gambling as an escape from depression (including suicide ideation).
- Employment/Work role issues. This related to whether gambling has caused a loss of concentration and efficiency, whether time has been lost from work or study, or led to being removed or termination because of gambling.
- Legal issues. Whether gambling has led to problems with the police, taking money without appropriate authorisation, or whether there are court appearances or prison due to gambling.
- Family Issues. This indicates whether gambling is creating problems for the family – either parents or children.
- Physical symptoms. These include: RSI, headache, backache, insomnia, skin rashes (psoriasis) or other nervous complaints through to actual physical withdrawals when attempting to cut down or stop gambling.
- Substance dependency. This relates to the use of other excessive behaviours like drug use, alcohol, binge eating, etc in association with gambling.
- Leisure issues. Whether gambling is leading to less involvement with friends, sports, narrowing of interests, greatly reduced contact with friends (except gambling contacts); considerable narrowing of interests, through to, spare time revolves around gambling related activities or planning them.

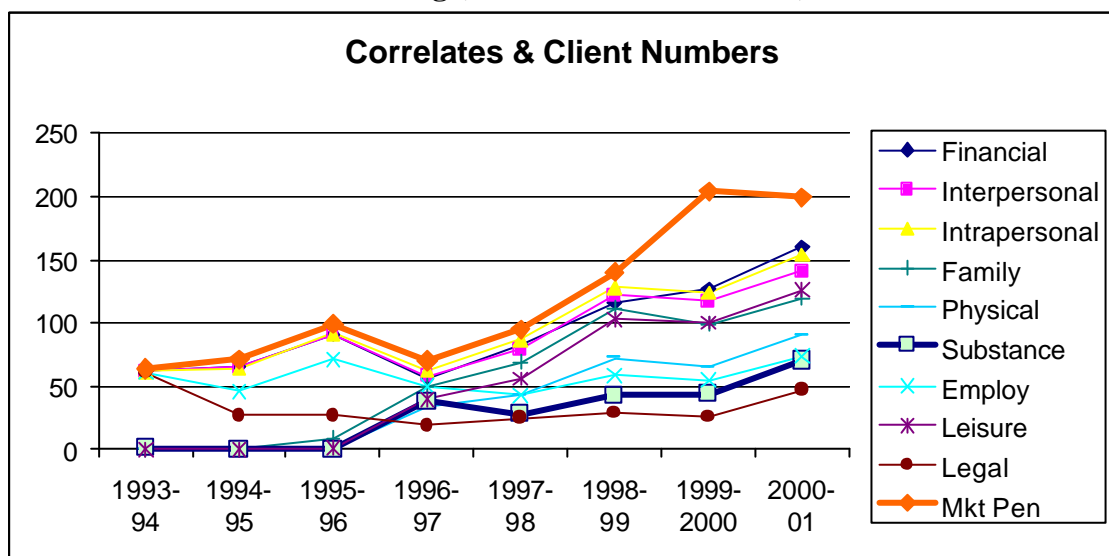
Figure One identifies the existence of a number of potential clustered relationships. For example, there seems to be a grouping between financial, interpersonal and intrapersonal issues. A comparison with the rate of market penetration also suggests that there is a link between the number of clients seeking counselling services and

² As some of the prompting questions are leading, they may lead to higher estimates.

increases in the three gambling correlates of financial, interpersonal and intrapersonal issues. The number of clients reporting substance abuse seems to cluster with physical symptoms and has also increased over time. There is no clear trend or change in Legal or Employment issues. These results strongly suggest that problem gambling does not exist in isolation from other problem behaviours and traits.

Further research into this area is required to establish gambling's position amidst other consumption and co-morbid traits. It is clear that many clients receive counselling that positively influences other areas of the client's life, not merely their gambling consumption.

Figure One: Co-morbid Traits Associated with Problem Gambling in Counselling (Gold Coast 1993 to 2001).



The potential confound effect of co-morbidity is an issue generally overlooked by gambling researchers, and is not well considered in many government studies. The debate into co-morbidity and gambling raises the issue of whether problem consumption or mental illness came first. This may imply that gambling may attract some people with problems. It may also be that gambling exacerbates pre-existing mental problems. It is also possible that gambling assists consumers with problems to deal with the stresses of life.

As proactive administrators of a comprehensive gambling support service throughout New South Wales, the Australian Hotels Association (NSW) has formed the opinion that **GameChange extends free counselling services to a community with largely pre-existing co-morbid traits. Indeed, very few beneficiaries of the AHA's counselling services have problems that are confined only to gambling consumption.** The promotion of the AHA's counseling services extends into areas other than problem gambling and the ease of access to counseling services is of great benefit to the community, and particularly those with the problems, their friends, and family.

3.1.6 The Relationship between Gambling and Problem Gambling

Despite volumes of government reports from jurisdictions all over the world and a growing amount of academic research related to gambling, there is a lack of research investigating why consumers gamble (and even less that is product specific), and what causes problem gambling³. That is, it is not known and empirically proven why people gamble, or why people become problem gamblers. Unless we truly understand (1) the gambling adoption processes and (2) the causes of problem gambling (and they may be entirely different concepts), it is exceptionally difficult to construct an effective framework to protect people from legal acts of consumption that they initiate (e.g. gambling). Regulating product attributes and the number of EGMs available in a marketplace do not seem like viable solutions to problem consumption.

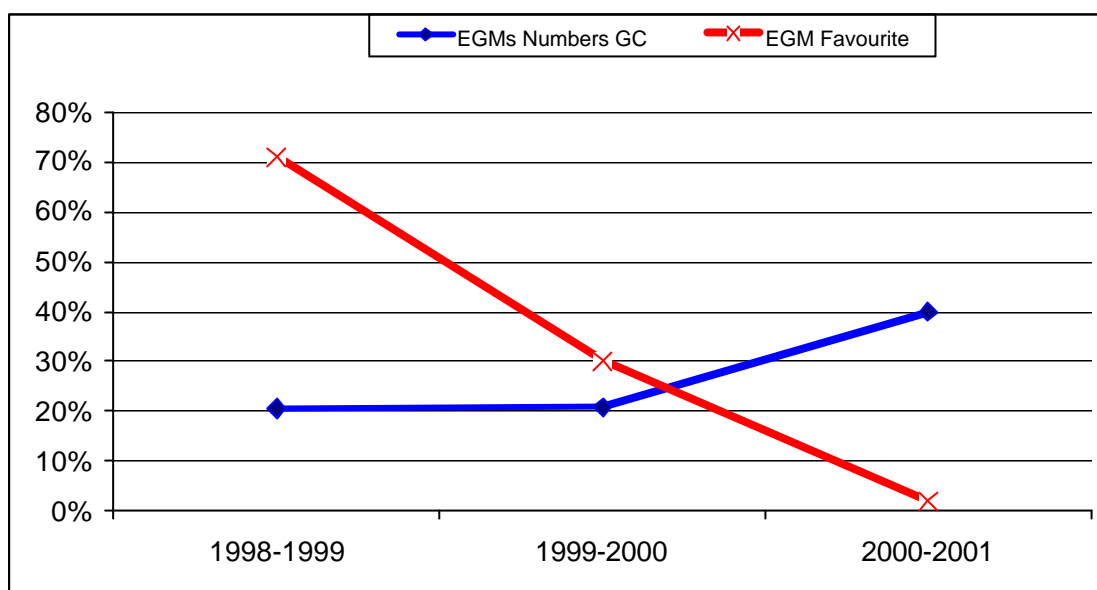
The relationship between the availability of product and problem consumption has generally been assumed to be simple and linear. Many studies into gambling allege that the proliferation of gambling products is associated with increases in the prevalence of problem gambling (e.g. Dickerson, McMillan, Hallebine, Volberg and Woolley 1997). However, there is growing evidence to indicate problem consumption is very difficult to understand, and is anything but linear and simple. In relation to the gambling debate and particularly EGMs, there are many unsubstantiated and anecdotal claims that more EGMs will lead to more problems with consumption. It is

³ Rohan Miller's 2003 doctoral dissertation investigating lotto adoption in teens is noted as an exception to this comment.

reiterated that problem gambling causation is under researched and there is no apparent empirical evidence to support claims that over time more EGMs will result in more problem gambling. Anecdotal claims about problem gambling causation must be acknowledged as over simplifying what is a very sophisticated issue. It is suggested that most of these anecdotal and over simplified claims address symptoms rather than the root of the problems and should not be extrapolated across the problem consumption debate. **Based on the knowledge developed through GameChange (and supported in other studies), the AHA does not recognize simple claims related to gambling causation as accurate or constructive in developing responsible gambling frameworks.**

Empirical findings by Miller (2003) support the argument that problem consumption is sophisticated and questions whether the association between problem gambling and the number of EGMs in a market are necessarily associated. This opinion is consistent with GameChange's data showing 53.5% of its clients are drawn from areas with low EGM numbers and density. Figure Two provides graphical representation of the percentage decrease in levels of problem gambling associated with EGM play and the percentage increase in the number of EGMs available on the Gold Coast. If higher numbers of machines do not necessarily result in increasing levels of problem gambling, then there is no logic to the assumption (and certainly no credible evidence) that a range of control measures (e.g. shorter hours, clocks, daylight, warning labels) will reduce problem gambling.

Figure Two: Percentage Change in EGM numbers & Clients favoring EGM Consumption on Queensland's Gold Coast



The Australian Hotels Association knows of no evidence to empirically prove that any particular attribute (or even groupings of attributes) associated with EGMs is causal to problem gambling. Rather, it can be observed there are fundamental flaws in much of the research undertaken related to gambling. It can also be noted that much of the research into gambling has been undertaken by academics and stakeholders who are less than objective. A moratorium on new regulations concerning product attributes and operational restrictions (including machine number caps) until quality research is undertaken into a range of responsible gambling issues is the best public policy decision possible.

3.1.7 Lifecycle Effects in Gambling

While it has been shown that allegedly deviant consumption (e.g. smoking tobacco) fits a general lifecycle or evolutionary model (e.g. Hodgkinson and Mizerski 1999, Boarden 1942), there is very little research that specifically reviews changes in “problem consumption” (c.f. Miller 2003a, 2003b). The vast majority of problem gambling research is undertaken over a short period of time and does not consider any evolutionary or lifecycle patterns that may be associated with product consumption.

Support for a dynamic model of gambling consumption comes from empirical research by Mizerski, Miller and Mizerski (2001). These authors indicate that gambling consumption follows stochastic patterns of behaviour typical of most goods and services, and that lottery gambling consumption seems to follow a pattern similar to a product lifecycle. Specific to EGMs, there are industry claims that machines have shortening replacement cycles amid pressure from new products (Walker 2001) and this suggests that product lifecycles may exist for EGMs. Just as it is possible to review trends in consumption (e.g. expenditure from lotto or EGMs) and explain them with reference to a product lifecycle, it should also be possible to examine problem gambling using theory associated changes over time. Indeed, Shaffer and Hall (2001) recently suggested that a dynamic model specific to problem gambling may exist and that estimating problem gambling prevalence is a dynamic process and will be prone to change over time.

It is suggested that if problem gambling rates are dynamic, then what goes up, is also likely to fall (e.g. Figure Two). A further proposition can be made relative to claims of the association between EGMs and problem gambling. That is, if levels of problem gambling associated with a particular form of gambling change over time, then unless patterns of consumption associated with that form of gambling makes identical or very similar changes over that same time period, then claims linking problem gambling with levels of gambling on a particular form of gambling are tenuous and speculative. Indeed, the causal assumption between problem gambling and legal forms of gambling has been questioned by Campbell and Lester (1999) who suggest that while such a relationship may exist, it is not certain. While not offering any empirical evidence, Shaffer and Hall (2001) suggest that after people have gained sufficient experience with a form of gambling (e.g. EGMs), they may adapt to the experience and learn to manage their consumption.

Every hotelier with experience with EGMs knows that individual machines/games eventually lose their popularity with consumers. That is, they have a finite lifecycle, and after a point in time, consumers eventually decrease playing a machine and that machine becomes unprofitable. Hoteliers also know that some EGMs never become popular or profitable. To date, no research has been able to predict successful machines before they are launched onto the market, or accurately predict the product's

lifecycle. From a consumer perspective, this indicates that gamblers become fatigued with the same product and seek a change. Unless EGM play shifts to a product with exactly the same product attributes (e.g. denomination, odds) then it cannot be accurately claimed that any single product attribute leads to repeat purchase. Although it has not been researched, it seems intuitive that similar principles will apply to problem gamblers and changing various product attributes in EGMs will likely have no significant effect.

3.1.8 Lifecycle Effects in Problem Gambling

An example of lifecycle effects in problem consumption may be found through the examination of commercial lotteries. De Balzac (1970, p88) make references to problem gambling associated with the early commercial lotteries just after the Napoleonic era *“The passion for lotteries, so universally condemned, has never been studied. No-one has realised that it is the opium of poverty.”* Similarly, Weiss and Weiss (1966) further comment that by 1800 the poorer classes in the American colony had become “lottery addicts.” Times and social values have changed. Lotteries in Australia are not viewed as potential sources of problem gambling, although they are likely the first gambling product encountered by the young, are widely promoted in our communities, have high rates of market penetration and contribute to the legitimacy of gambling consumption in our communities.

Miller (2003) provides additional insight into the evolution of problem gambling over time on the Gold Coast and examines several individual products. Figure Three displays trends in each of the preferred forms of gambling in more detail by the percentage of clients at the only state funded counselling center on the Gold Coast (between 1993 and 2001). The category of All EGMs has been broken into different styles of venue (casino, pubs, clubs) to provide more information about problem gambling consumption. It is evident that the number of clients that prefer EGMs at the casino has progressively grown from inception, until 1999 when there was decrease in the number of clients preferring EGMs at this venue, followed by another decrease in 2000. The management of the counselling service have attributed the early and sustained growth in problem gambling associated with EGMs at the casino to a

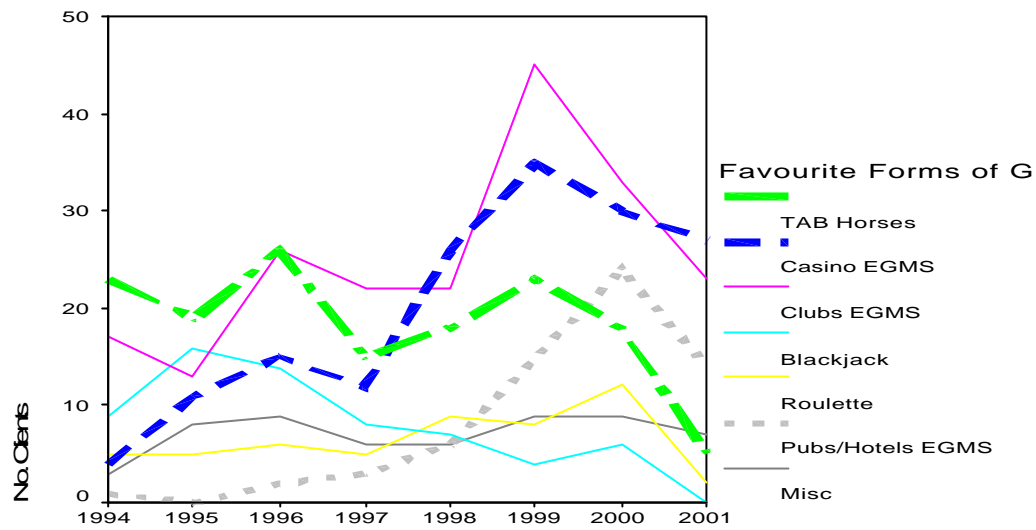
concerted effort at responsible gambling by the venue supported by various promotional initiatives (e.g. brochures, posters) by the clinic. The casino is home to the largest single grouping of EGMs in the Queensland (over 1000) and strives to cater for upmarket clientele by offering high roller facilities, and other services such as quality restaurants that are deemed attractive to more affluent consumers.

Problem gambling associated with EGMs in clubs oscillate with casino EGMs as the main source of problem gamblers for the clinic. The overall pattern of growth displayed by clubs is very similar to that of casino slots. The problem gambling clinic has not suggested any reason for the sustained growth in their clientele associated with clubs. There are many dozens of clubs in the clinic's client catchment area, and number of slot machines in clubs ranging from four to several hundred.

In contrast to the casino and clubs, problem gambling associated with EGMs in pubs and hotels remained at fairly low levels, until an abnormal jump in 2000, followed by a decline. There are many pubs and hotels offering slot machines in the clinic's catchment area, however these venues run many less slots than clubs. Unfortunately the state government of Queensland refuse to release number of machines per venue for clubs and hotels on the basis such information is commercial in confidence.

Problem gambling is not restricted to EGMs. Totalisator betting specific to horse racing (TAB Horses) was a consistent and high level of clientele for the clinic, with a sharp decline in the final year. Australia has a long history of gambling on horse racing, and there are dozens of TAB outlets in the catchment area in dedicated retail outlets, in pubs, clubs and the casino. The number of clients that prefer TAB Horses did vary by year, and no apparent reason was suggested by the clinics for these changes over time.

Figure Three: Problem Gambling by Product over Time on the Gold Coast



It is clear that there are changes in problem gambling associated with different products over time and that the association of problem gambling and product availability is anything but simple. The reasons for these annual changes and overall trends are presently unexplained by problem gambling counsellors, and are not addressed in any of the gambling literature. **The conclusion must be drawn, that based on current evidence, the creation and constant revision of consumer safety nets such as GameChange are the best way to manage responsible gambling.**

To further explore the lifecycle effect in problem gambling, Figure Four shows that the mix of severity associated with DSM-IV scores changes over time. After peaking in 1996 with over 96 percent of clients displaying severe symptoms, the subsequent years show a general decline in the percentage of problem gamblers seeking counselling with severe symptoms.

Figure Four - DSM Severity Over Time in Clients Seeking Counseling

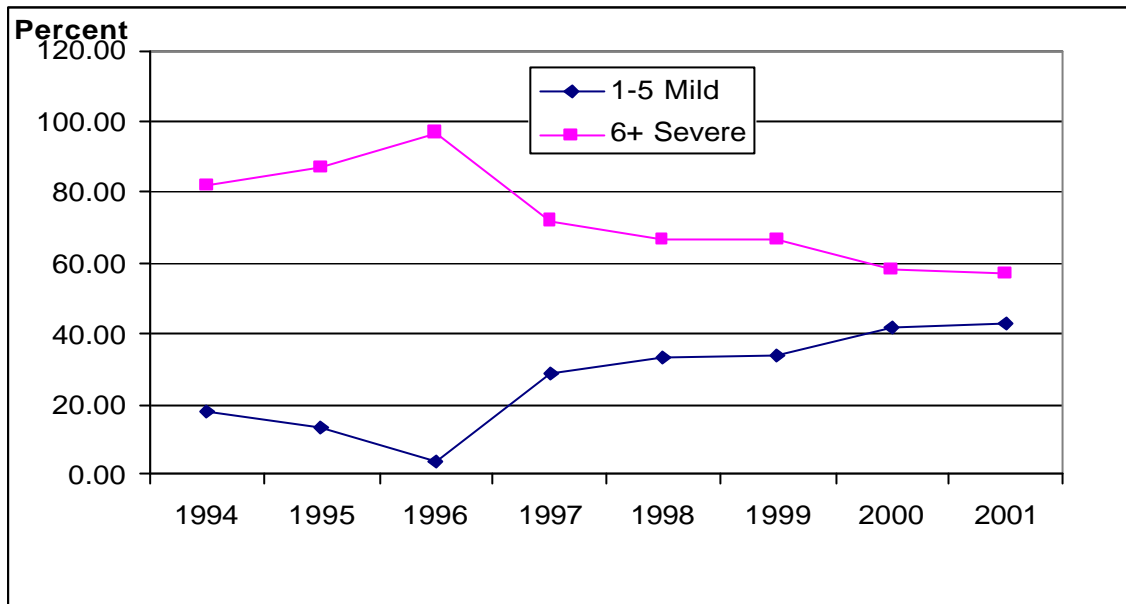
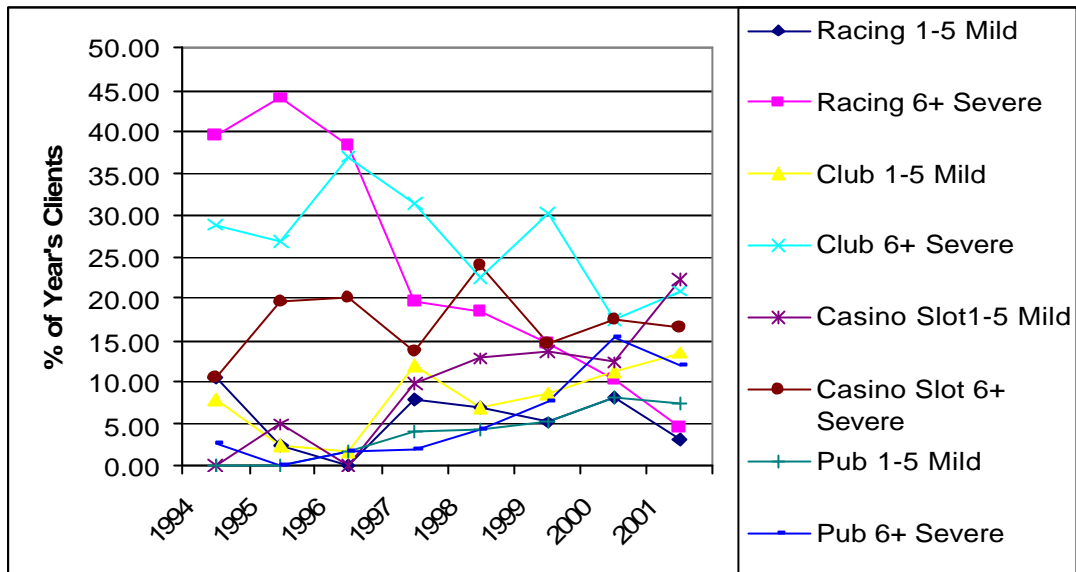


Figure Five expands on the analysis in Figure Four and shows trends in the severity of gambling problems by product over time. For simplicity, only the most popular forms of gambling (the EGMs venues and racing) have been reviewed. Reviewing each product's level of problem gambling severity reveals that there are differences in the trends in across all products. The most consistent trends are the decline in severe problem gambling associated with racing, the increase in mild problem gambling from slots in the casino and a general upward trend for all clients that gamble on EGMs at pubs. This indicates that levels of severity of problem gambling collectively change over time, and each product also has independent trends for problem gambling severity.

Figure Five: Percentage of Clients by DSM Severity and Gambling Product



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Appendices

A. The Evolution of Responsible Gambling Practices in Hotels

- 1997 APRIL - Introduction of poker machines into hotels.
- APRIL – The AHA (NSW) releases a Player’s Guide containing information for problem gamblers.
- The AHA (NSW) creates a gaming department to assist member hotels with the introduction of poker machines. The department makes a recommendation for the early introduction of responsible gaming practices.
- 1998 AHA (NSW) researches self-regulatory gaming harm minimisation measures to introduce in NSW hotels. Regular workshops are held throughout the state, for the purpose of educating hotel staff in the provision of responsible gaming entertainment.
- 1999 The AHA (NSW) appoints Mr Rowan Cameron as AHA (NSW) Gaming Counsellor/ Psychotherapist; the first appointment of a counselling specialist by an industry body. Mr. Cameron is given responsibility for the development and implementation of measures to assist problem gamblers.
- 2000 FEBRUARY – AHA (NSW) President John Thorpe launches the AHA (NSW) Code of Conduct.
- As part of the Code, AHA (NSW) members agree to 12 rules, including the prohibition of any form of hotel credit being made available for gaming machine play. Patrons are encouraged to have a cooling-off period after a win, and to also take large wins by cheque rather than cash. The Code further stipulates that any hotel staff member working in a gaming area completes both the Responsible Service of Gaming Course and the Responsible Service of Alcohol Course.
- FEBRUARY – Mr Cameron commences a six-month travelling education campaign, presenting Responsible Gaming seminars to all 44 AHA (NSW) metropolitan and country sub-branches across the state.

MARCH - A trial Self Exclusion program commences, in conjunction with an exploration of the most effective means to inform problem gamblers of tools for assistance (i.e. self-exclusion and counselling).

MARCH - Rowan Cameron forms the Responsible Gaming Committee of NSW and invites representation from the gaming industry as well as the counselling and social service sectors. Macquarie University's Professor John Croucher accepts an invitation to Chair the Committee.

MAY - The AHA (NSW) attends a meeting at the offices of the Liquor Administration Board in consideration of the proposed alterations to the technical operation of gaming machines in NSW. The Association joins with the club representative bodies, the casino, TAB and manufacturers in forming an Industry group to jointly respond to the LAB proposals.

JULY – The AHA (NSW) Executive and the Gaming Sub-Committee give final approval for the State-wide introduction of the AHA (NSW) Player Information System. The system consists of a plastic holder attached to the side of each gaming machine into which is placed business-sized cards informing patrons of the State-wide Counselling and Self Exclusion programs.

AUGUST – The AHA (NSW) commences Responsible Conduct of Gambling Courses.

OCTOBER - Minister for Gaming & Racing, The Hon. Richard Face announces the formation of an official advisory committee for responsible gaming. The Committee, consisting of representatives of various gaming machine operators, effectively supersedes such bodies as the Responsible Gaming Committee of NSW and the Joint Industry Group.

OCTOBER – State Government introduces a cheque cashing restriction.

NOVEMBER - The AHA (NSW) officially launches GameChange – the new title for the Responsible Gaming program.

Also launched by the Minister is the latest addition to the GameChange program, the Player Information System of cards and holders, which is central to the promotion of our self exclusion and counselling services to the community.

2001

The AHA (NSW) supports a ban on all gaming machine related gaming and a ban on advertising signage.

MARCH - The AHA (NSW) calls on the State Government to enshrine in legislation a requirement for all hotels to be involved in providing self-exclusion – a program that involves problem gamblers banning themselves.

APRIL - The State Government announces a three-month freeze on applications for further poker machines in hotels despite hotels being capped at 15 machines.

APRIL – The AHA (NSW) stages a Hotel Expo featuring a series of education workshops on harm minimisation of gaming.

JULY – AHA (NSW) Gambling Counsellor, Rowan Cameron attends a two-week study tour of the United States and the National Conference on Problem Gambling in Seattle. Mr Cameron was invited to join an advisory committee to assist in the formation of self exclusion programs in each of the gaming states in North America.

JULY - AHA (NSW) Gambling Counsellor, Rowan Cameron encourages members to introduce a system of reward for the positive identification of a self-excluded person who's breached their self ban by being in a gaming room or playing poker machines.

JULY – The AHA (NSW) participates in a poker machine test trial following proposed changes to poker machines by the LAB. Changes included the slowing down of machine playing speed, reducing betting limits and restricting note acceptors.

AUGUST – The State Government announces key reforms of the Gaming Reform Package (see attached).

2002 APRIL – The Gaming Machines Act 2001 comes into effect – the Act incorporates all existing controls over gaming machine operations and includes new measures from the Government's Gaming Reform Package.

JULY - Prohibition on published gambling related advertising

B. GameChange and Rowan Cameron's Monthly *Hotel News* Article.

C. GameChange and Rowan Cameron's Monthly *Hotel News* Article.

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