



Council of Social Service of New South Wales

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2 December 2003

Professor Tom Parry
Chair
Independent Pricing and Regulatory Tribunal
PO Box Q 290
QVB Post Office NSW 1230

Dear Tom

Review of Gambling Harm Minimisation Measures

Please find enclosed a submission to the Review of Gambling Harm Minimisation Measures, which has been prepared by the Council of Social Service of NSW (NCOSS).

I would particularly like to draw your attention to a proposal that IPART release an interim report from the Review and then convene a Roundtable of industry, community and consumer representatives to discuss recommended actions to strengthen the current harm minimisation regime.

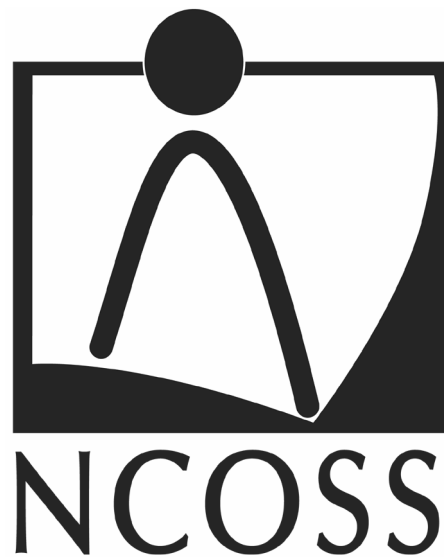
I hope that IPART will favourably consider our submission. If further information is required, please contact Maz Thomson, Deputy Director on tel 9211 2599 or email at maz@ncoss.org.au

Yours sincerely

Gary Moore
Director

**Submission to the Independent Pricing and Regulatory
Tribunal**

Review into Gambling Harm Minimisation Measures



November 2003

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1. INTRODUCTION

The Council of Social Service of NSW (NCOSS) is the peak body for the non government social and community services sector in NSW. Through our membership and networks, NCOSS represents more than 7,000 community service organisations in NSW. We work with our members, on behalf of disadvantaged people and communities towards achieving greater social justice across NSW.

Whilst NCOSS recognises that gambling is a legitimate recreational pursuit, and that registered clubs and hotels provide important recreational facilities in many local communities, NCOSS continues to hold concerns about the negative impacts of gambling on individuals, families and communities. These concerns include the growing social costs of gambling related to the rapid growth of the gaming industry and its activities over the past decade.

2. CURRENT INDICATORS

(i) Increased gaming machine activity

In the 10 years to 2003, gaming machine revenues in NSW registered clubs have increased by 107%. Current club poker machine revenue amounts to \$2.5 billion pa, after State taxes are paid. In the year to March 2003, gaming machine turnover in clubs rose by 7% to \$8.37 billion.

In the March 2003 quarter, hotels in NSW produced poker machine turnover of \$3.27 billion, which was a 5.4% increase on the same period in 2002.

In both clubs and hotels, these increases in turnover over the past 12 months, have been achieved whilst the total number of machines has declined across the State (in the case of hotels by nearly 5% in number).

(ii) Locational variations

As the level of gaming machine activity has continued to increase in recent years, the concentration of the highest levels of spending in parts of Sydney and regional NSW which have the largest numbers of low income households, has generated growing concerns.

Data available to NCOSS for the year 2001 indicated that the average gaming machine expenditure per adult (clubs and hotels) across NSW was \$906.21.

However, in local government areas (LGAs) with significant socio-economic disadvantage, these figures were much higher, eg Auburn (\$1,321); Fairfield (\$1, 915.43); South Sydney (\$1,328) and Wyong (\$1,365).

Data from March 2003 indicates each hotel in the Fairfield/Liverpool area is making a \$724,037 quarterly profit, whilst in Canterbury-Bankstown, the figure is \$622,075 and in Central Western Sydney, it is \$602, 075. At the same time, average hotel gaming machine profits in Outer Western Sydney were up 10% on March 2002 and they were 9.5% higher than the previous year in Gosford-Wyong.

(iii) Problem Gamblers

The December 2002 Survey of Problem Gamblers using Treatment Services funded through the NSW Casino Community Benefit Fund indicated:

- a 16% increase over a 12 month period of the numbers of individuals counselled each week;
- a 13% increase in the number of counsellors employed in the services since December 2001; and
- the usage of services is increasing and the availability of appointment times for new clients is decreasing.

Anecdotal evidence provided to NCOSS by several other front line social and community services, such as family support services, financial counsellors, community legal centres, alcohol and other drug agencies and supported accommodation services suggest that problem gambling issues continue to increase as one of the presenting problems for new clients seeking these services.

NCOSS convenes a Gambling Issues Forum, which comprises a diverse range of practitioners from gambling counselling services, community health, family support and other welfare organisations, community legal centres and academic researchers.

Forum members express some common views about the effectiveness of current harm minimisation measures in preventing the further growth of problem gambling. They are:

- general signage highlighting warnings about excessive gambling and poorly placed clocks in gaming areas have, at best, a modest impact;

- incorporating warnings and other features to slow players into gaming machine design, limiting alcohol sales to patrons in gaming areas, reducing the level of promotions which target players, and removing ATMs from close proximity to gaming areas are more effective measures to be pursued; and
- there are huge differences in the commitment of clubs and hotels to implement the existing measures and in the quality of the ongoing management of the measures.

It is understood that these views are broadly in alignment with the results of a recently released survey of club members, which included problem gamblers, conducted by the Southern Cross University Centre for Gambling Education and Research for the Casino Community Benefit Fund (CCBF).

3. Scope of this Review

Current NSW Government harm minimisation objectives are to:¹

- ‘provide greater responsibility in the conduct of gambling in clubs, hotels and other places’.
- ‘minimise harm associated with problem gambling, such as harm arising from the financial and social impact of excessive gambling on individuals and families’.

Gary Banks, the Chair of the 1999 Productivity Commission Gambling Inquiry, indicated that, *“First, there is a burning need for more research on what actually works among the many possible harm minimisation measures. (This is particularly important for those, which can involve significant compliance and other costs). If we are serious about doing things that are effective, rather than just being seen to be doing things, trailing and testing different approaches is critical. In many cases, this needs to be done before measures are introduced. There is a particular need to devote attention to pre-commitment strategies and the ability to cost-effectively harness new technologies”*.²

¹ The Hon Richard Face, MP, Minister for Gaming and Racing, in second reading speech for the Gambling Legislation Amendment (Responsible Gambling) Bill 1999, 15 September 1999, Hansard p 496.

² The Productivity Commission’s Gambling Inquiry: 3 Years On, Gary Banks, Presentation to the 12th Annual Conference of the National Association of Gambling Studies, Melbourne, 21 November 2002

NCOSS believes that the effective implementation of harm minimisation strategies also requires the identification and assessment of the strengths and weakness of the current regulatory and consumer protection regimes, which monitor, support and enforce gambling harm minimisation measures in NSW.

To this end, NCOSS suggests that IPART revisit its 1998 Inquiry into the Social Impacts of Gaming and also examine other jurisdictions where an independent Gambling Commission is responsible for assessing compliance with harm minimisation and consumer protection requirements.

In addition, NCOSS also proposes that this IPART Review assess the merits of the establishment of a Gambling Industry Ombudsman in NSW, along the lines of other industry based Ombudsmen, with a specific brief of handling consumer complaints about the performance of gaming operators, which includes the implementation and management of harm minimisation measures.

NCOSS recommends that a Gambling Harm Minimisation Roundtable consisting of representatives from key industry, community and consumer bodies be established to provide comment on a draft final report on the Review prior to finalisation of the report by IPART and presentation to the NSW Government.

NCOSS also proposes that this IPART Review examine the need for the NSW Government to establish a sustainable, long term, independent research capacity into, and promotion of, harm minimisation strategies.

4. Specific harm minimisation measures

(i) Circuit Breakers

- Compulsory shutdown of gambling venues – Theoretically this measure forces gamblers to take a break. There is no clear evidence on the impact of compulsory shutdowns. Counseling services have reported that problem gamblers may adjust their addiction to accommodate the shutdown e.g. in the Sydney metropolitan area patrons will move on to the Casino, a 24 hour venue.

Gambling venues have claimed that this measure has forced establishments to reduce employment. **Western Suburbs Leagues Club, for example, claims that it has had to reduce staff hours by the equivalent of 12 full time jobs when the full shutdown to 6 hours came into effect. In reducing staff, clubs don't have to provide financial statements of their operations to support the need to reduce staff.**

Western Suburbs Leagues club has recently undergone massive reconstruction. It is unclear as to why an additional 3 hour shutdown would force the club to reduce its staff numbers by 3.

It should be noted that the ALHMU claims that employment of its members can assist the gaming industry by playing a significant role in harm minimisation for problem and potential problem gamblers, provided the workers can be assisted in training and support by employers.

- Ban on smoking in gambling venues – Reports from Victoria in relation to the restriction of smoking in gaming areas indicate a significant drop in turnover, as did a report from the Burswood Casino in Western Australia, which attributed a 4% decrease in revenue in 2001 (Burswood Casino’s non-smoking policy was self-imposed). Smoking bans should be considered not only in regard to minimising harm in terms of problem gambling but also, if not the primary reason, for the health benefits of all patrons and employees.

It has been reported that gaming venues, if not already implemented, are considering ways around this circuit breaker by having glass walls around gaming machine areas so that patrons can smoke outside of the gaming machine area but still view “the action”.

- Periodic shutdown of individual machines – It is anticipated that this would be a costly exercise and would be of little assistance to problem gamblers as they would simply move from one machine to another.
- Periodic information messages to gamblers using gaming machines – Community organisations that provide services to problem gamblers believe that there is merit to this measure provided the messages are clear and strong in stating how long the player has been at the machine and how much money they have played/lost.
- Restrictions on alcohol consumption by gamblers – Community organisations have reported that a significant number of their clients who are problem gamblers also have problems with alcohol.

Not serving patrons in gaming machine areas would be a measure that would patrons having to move away from the machine for a short time, acting as a circuit breaker, and possibly giving time to think about whether or not to continue gambling.

- Performance of self-exclusions schemes – Community organisations have indicated varying degrees of success. This measure relies on a number of factors for success, including commitment of gaming venues to assist persons requesting self-exclusion, geographical location, staffing levels and adequate training of staff, self-exclusions being limited to a specific venue (i.e. no statewide mechanism in place to enable the problem gambler to self-exclude from more than one venue at a time).

The provision that problems gamblers are to be encouraged to seek legal advice prior to signing a self-exclusions agreement dampens a pro-active first step of the problem gambler.

The NCOSS Gambling Issues Forum ³ noted the following in relation to self-exclusion:

- A difficult process (embarrassing)
- Significant privacy issues, particularly in regional and rural areas
- Hotels are more of a problem – more education is need in pubs
- Concern expressed with the view of clubs and hotels that that industry based training is good. Forum suggested that external training would be the best approach
- Community education/awareness is required to remove the stigma attached to problem gambling
- Consumer protection – consideration of particular groups (problem gamblers –v- recreational gamblers)

(ii) Information for Gamblers

- Requirements to display certain signage – NCOSS supports the effective display of warnings about the potential of problem gambling, particularly on and close to gaming machines.

³ NCOSS Gambling Issues Forum, September 2003

NCOSS believes that NSW requires a standardised approach to this measure and a review must be undertaken to assess the effectiveness of this measure. Information from service providers on problems gamblers indicates that early intervention is vital.

- Display of clocks in gaming machine areas – NCOSS understands that some gaming machine manufacturers are now installing clocks into machines. Gaming venues placement of clocks currently is questionable, often in locations not visible to gamblers.
- Information on brochures required in gambling venues – In addition to the provision of information relating to risks of problem gambling, contact details of all counseling services within that gaming venue should be detailed on brochures.
- Information on betting tickets, lottery and keno entry forms – Information relating to risks of problem gambling being available on betting tickets, lottery, lotto, keno forms is supported by NCOSS.
- Role of community services, including specialist gambling counseling services - Community services play a vital role in assisting problem gamblers and their families, friends and colleagues who are impacted. Such services include community legal services, financial counselors, family support services, community health and mental health agencies, supported accommodation services and emergency relief organisations. Many of these community services also play a role in prevention, especially through various local community development initiatives.
- Contact cards for counseling services - Contact cards of local community services for problem gamblers prominently displayed and able to be picked up will assist problem gamblers identify services available at a time when he/she is ready to seek help with their problem. Contact cards should not be limited to phone services.
- Compulsory display of payout ratios and probability of winning specific prizes – NCOSS strongly supports the display of payout ratios etc.

- General advertisements highlighting problem gambling – NCOSS strongly supports advertising about problem gambling. Community education assists not only the problem gambler but also those impacted on by problem gambling. Community education is also important in destigmatising problem gambling.
- Display of monetary value of credits, bets and wins - NCOSS supports a mandatory requirement for all new machines to display a monetary value rather than 'credits' reinforcing the message that real moneys is being lost.
- Information for individual players on their gambling session – Counseling services have indicated that a message being displayed at regular intervals informing the player of their loss/win. Message screen could also indicate time played.

(iii) Liquidity Controls

- Requirement for large payouts not to be in cash – NSW has a cash limit of \$1000 in place. In addition to gaming venues paying larger wins by cheque, such cheques should not be able to be cashed by the gaming venue.
- Prohibition on providing credit for gambling – NCOSS strongly supports that credit not be provided for gambling (or alcohol consumption) and that this measure should continue.
- Requirement to locate ATMs away from gambling areas – NCOSS strongly supports this measure. Gaming venues often have ATMs located just outside of gaming rooms. NCOSS holds the view that ATM's should be located 'out of sight', that is, not in close proximity or in an entry to gambling areas.
- Restrictions on note acceptors – There is limited research available as to the effectiveness of such a measure. It is suggested that any future research must be inclusive of community services providers (for problem gamblers and those impacted on by problem gambling), gambling industry and independent researchers.
- Lower limit on maximum bets on gaming machines – NCOSS supports the introduction of a lower limit on maximum bets on gaming machines.

A finding of the University of Sydney research is that "...study provides preliminary evidence to support the effectiveness of reducing the maximum bet size from \$10 to \$1 on electronic gaming machines for at least a small proportion of players".

- "pre-commitment" or 'smart" cards that enable financial limits to be set – The introduction of a 'pre-commitment" card would assist gamblers in setting a limit on their daily spend on gambling, therefore NCOSS supports such an initiative.
- Restrictions on daily cash limit in ATMs close to gambling venues – NCOSS supports the restrictions on daily cash limit at ATM's. In doing NCOSS also recognises the difficulties that such restrictions may also impose of people without problem gambling issues. It is understood that individuals can apply through their financial institution to have a limit set on their individual card, but again this can create difficulties, particularly for problem gamblers, in not being able to access cash to travel home. Further consultation is required.
- Reducing the maximum permissible win – NCOSS supports such a measure.
- Further possible changes to affect the rate of loss or play per hour – NCOSS suggests that, as with most harm minimisation measures, further research is required to afford a final response. However, effective measures to strongly reduce the "intensity" of gaming machines, combined with significant cuts to the overall numbers of machines in clubs and hotels across the State, are actions which NCOSS believes that this Review should recommend to the NSW Government
- Forced payment of wins when certain level is reached and payment then to be only by cheque – NCOSS would support a maximum payment of wins up to \$1000 with additional winnings to be paid by cheque.

(iv) Restricted promotion of Gambling

- Controls on advertising – NCOSS strongly supports this existing measure.

- Control over player reward schemes – NCOSS strongly supports all aspects of this measure.
- Restrictions on promotions and other inducements to gamble – NCOSS strongly supports this current measure.
- Control on gaming machine artwork – Community organisations have expressed concern with the current trend in the design of artwork to attract younger players (18 – 25 year olds). An example has been that machines are being designed to attract younger people by using ‘cult’ heroes e.g. Spiderman
- Possible elimination of double up and other similar gamble features - Double features could see quicker cash load injected into gaming machines thus creating an easier spend for problem gamblers.
- Availability of alcohol and other refreshments to gamblers – It is well documented that alcohol lessens inhibitions and induces a carefree attitude, thus creating a feeling of indifference to a situation. NCOSS does not support the availability of alcohol in gaming rooms.

(v) Community/counseling services

- Requirement for gambling operators to enter into agreements with counseling services – NCOSS strongly supports this requirement. Counseling services would be able to assist problem gamblers at a crisis point and would be able to provide ongoing education to employees on the issues of problem gambling.
- Training staff in gaming machines venues – NCOSS supports this measure but suggests that there be accredited and ongoing training measures, particularly on self-exclusion and how better able to assist people seeking self-exclusion not only in the venue of the time but in self-excluding from other venues.

(vi) Technical Measures

- Slower reel speeds *
- Removal of visual and sound stimuli *
- Requirement for human intervention in large payouts – NCOSS supports this measure.
- Requirement for natural light in gambling venues *
- Requirement for gambling patrons to be visible to people outside the gambling venue *
- The impact of music being played and display of lights when a win takes place *

NCOSS considers that further research is required to more adequately determine the most appropriate technical measures that will deliver effective gambling harm minimisation.

As previously indicated, we believe that priority should be given to technical enhancements in gaming machines which reduce the “intensity” of machine use by all players and which also limit the capacities of players to spend above agreed benchmarks.

5. Conclusion

Many of the current harm minimisation measures in operation in NSW have a degree of effectiveness. NCOSS recognises that there is yet to be established an evidence base for the effectiveness of all of the current measures, or for some new measures, which are canvassed by the Review’s issue paper.

However, it is clear that in the face of the 1990Ss gaming machine explosion in NSW, and the ever increasing revenue and profit hauls from gaming machines, some discouragement of excessive gambling by the current suite of measures has occurred and should be welcomed.

It is interesting to note that the gaming machine manufacturers and representatives of the club and hotel industry most vilify measures, which are proposed to directly reduce the turnover of each gaming machine.

At the current time, NCOSS believes that to genuinely and sustainably reduce the risk of problem gambling and the associated negative social impacts, which arise from excessive gaming machine use, the NSW Government must:

- further reduce the number of gaming machines in NSW clubs, hotels and other outlets through a 5-10 year program, which targets a reduction of 25% of the current numbers;
- introduce technical limitations to reduce the amount of games which can be played on gaming machines in a given time period;
- introduce player smart cards which can provide limits to the number of games a player can play in a given time period;
- conduct a major public education program about the personal and social importance of responsible gambling; and
- establish mutually recognised, independently accredited training curriculum for use by recognised training providers in harm minimisation and consumer protection practice.

At a broader prevention level, the NSW Government should assess whether its current investments in major strategies such as Families First, Community Solutions, the Community Drug Strategies and the Community Services Grants Program (CSGP) are assisting or can assist in the future to reduce the risk factors for the development of problem gambling behaviours.

NCOSS strongly supports the enhancement of the Clubs Community Development and Support Expenditure Scheme (CDSE) as a means of improving quality of life in local communities for many disadvantaged groups and building community capacity. In its own way, this spending on local community projects has a preventative impact on the growth of risk factors contributing to the appearance of problem gambling.

Such an enhancement of the CDSE should include an increase in the current tax rebate to 2.5%, the mandatory participation of clubs with gaming machine revenues over \$1 million pa and the requirement that clubs must follow the recommendations of the local CDSE committees about priority social needs and when made, priority CDSE applications.