

**NEW SOUTH WALES
GAMING INDUSTRY
OPERATORS GROUP
("GIO")**

7 February, 2002

**SUPPLEMENT TO
GIO SUBMISSION
TO LAB OF
8TH JUNE, 2001**





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1 Executive Summary

The development of appropriate harm minimisation measures in NSW is supported by the members of the NSW Gaming Industry Operators group (“GIO”). However, the GIO, having reviewed the research reports of Sydney University and the Centre for International Economics, is of the view that the research carried out strongly suggests that the three measures currently under consideration:

- are unlikely to achieve the harm minimisation expectations envisaged; and
- are likely to have a significant adverse impact on the industry, on employment in NSW, on NSW Government revenues and on the enjoyment of recreational players.

The GIO notes that the Gaming Machines Act, 2001 has recently added a further level of complexity to the extensive statutory harm minimisation regime already existing in NSW.

That regime is unmatched in any other gaming jurisdiction and its impact on problem gambling in NSW has not yet been evaluated.

The GIO believes that the very definitive conclusions of the independent experts evident from the reports, the complexity of the current harm minimisation regime in NSW and our current limited level of understanding of the effectiveness of the combined measures (and individual measures) on problem gambling in NSW each suggest that consideration of the three measures in question should, at the very least, be deferred for three years pending a comprehensive evaluation of the effectiveness of the harm minimisation measures that have now been introduced.



2 Overview of GIO Response

The GIO and its members wish to continue to work closely with the NSW Government and the LAB to facilitate the implementation of the harm minimisation objectives set by the NSW Government.

However, the GIO wishes to restate its view (set out in its submission of 8th June, 2001) that it believes that problem gambling is a complex behavioural issue which is unlikely to be effectively addressed by 'speculative' proposals relating to the operation of gaming machines such as the three proposals in question.

The GIO stated, on 8th June, 2001, that the three proposals are of great concern to the GIO because of the significant negative impact that they would have on the quality of entertainment currently provided by the NSW gaming industry without, in the view of the GIO, addressing problem gambling in NSW in any material manner.

The research work funded by the GIO and carried out by Sydney University and the Centre for International Economics has now been completed.

The work was carried out on an entirely 'arms' length' basis to ensure that the independence of both institutions was preserved.

This research work was the first of its kind anywhere in the world.

The GIO wishes to formally thank the University of Sydney and the CIE for the work carried out which was unique and challenging.



Whilst the GIO does not agree with all of the views of Sydney University (and has set out in this submission where it does not agree with those views and why), that very disagreement is tangible evidence of the wholly independent status of the researchers.

The GIO wishes to make four preliminary observations in relation to the “project findings” listed by Sydney University¹:

- The GIO is of the view that the fact that 16.2% of the participating club players were found to have obtained a SOGS score of 5 or more and 28% of participating hotel players were found to have obtained a SOGS score of 5 or more is indicative of the low threshold embodied in the South Oaks Gambling Screen² rather than the prevalence of problem gamblers in clubs and hotels;
- GIO members believe that single male players generally have less responsibilities, more disposable income and more leisure time than their married counterparts; those characteristics may lead them to spend more on gaming machines than their married counterparts; however, those characteristics, alone, do not mean they are problem gamblers;

¹ Sydney University Report, p. 8 (references are to the **printed** version of the Sydney University Report).

² If one answers 5 (out of 20) questions in the affirmative, one scores 5 on SOGS; these questions include: (2): Have you ever claimed to be winning money gambling but weren't really? (4): Do you ever gamble more than you intended to? (5): Have people criticised your gambling? (6): Have you ever felt guilty about the way you gamble or what happens when you gamble? (9a): Have you ever argued with people you live with about how you handle money? The GIO is of the view (i) that the SOGS threshold test is too low, (ii) that it is too reflective of community attitudes (Questions (5) and (6)) which are not relevant to the real issue of whether an individual is a problem gambler particularly given prevalent anti-gaming media sentiment and (iii) that some questions are simply irrelevant (ie Question 9(a)).



- Considerable concern has been expressed by GIO members over the use of SOGS by Sydney University. It appears the Sydney University research team utilised the original SOGS “lifetime” screen as its principal tool of measurement. The staff psychotherapist working for AHA (NSW) has suggested that more recent forms of SOGS developed in order that people may be assessed on the basis of their current behaviour would be preferable. AHA’s psychotherapist also suggested that the “lifetime” screen is likely to show a higher proportion of problem gamblers as it may include people who have had problems with gambling at some stage in their life. It has also been suggested that:
 - consideration should be given to using a substitute for SOGS as SOGS is regarded by many researchers as being inaccurate (and highly likely to *overestimate* the number of problem gamblers in any sample);
 - because SOGS was developed for the US market, consideration should be given to developing a SOGS equivalent specifically for Australia.

AHA (NSW)’s psychotherapist also suggested that it is important to acknowledge that SOGS was developed for use within a clinical setting and when used outside of this setting, its reliability may be questionable, with survey participants scoring the same SOGS scores but presenting with very different characteristics³.

³ Howard Shaffer Director, Division on Addictions , Associate Professor of Psychology Department of Psychiatry, The Cambridge Hospital 1997)



It is, however, evident from the research work that the principal GIO concerns – as expressed in the GIO submission of 8th June 2001 – have been substantiated in virtually all respects by the research work. In particular, Sydney University found evidence that:

- the proposed reconfiguration of bill acceptors to accept denominations of \$20 or less “would be of limited effectiveness in minimizing harm associated with electronic gaming machines”⁴;
- the proposed slowing of reel spin speeds “would not be an effective harm minimisation strategy”, would be “unlikely to reduce problems associated with electronic gaming machines” and “may result in an increase in indirect social/family harm associated with problem gambling for a small proportion of problem gamblers.”⁵
- the proposed reduction of maximum bet from \$10.00 to \$1.00 “potentially might, for a small number of players, reduce both the development and the severity of gambling problems”, subject to:
 - the significant qualification that it is not clear whether players would compensate by playing longer (which could give rise to ‘indirect’ negative consequences referred to above in connection with slowing reel spin) and
 - further research,

⁴ Sydney University Report, p. 9.

⁵ Sydney University Report, p. 9.



so this measure ‘may’ prove to be an effective harm minimisation strategy for a very small proportion of players (7.5% of the 20% in the total sample who were found to be problem gamblers⁶ in terms of SOGS scores of 5 and above).

In fact, using the Productivity Commission figure of 2.1% of Australian adults being problem gamblers with severe and moderate problems⁷, the Sydney University Research suggests that it is possible that the reduction of maximum bet to \$1.00 ‘may’ help only 0.16 of one percent of the adult population.

The GIO, supported by AGMMA, opposes the introduction of such a measure in the strongest possible terms for the following eleven reasons (each of which is explained in greater detail in this submission):

2.1 Implementation, Testing and Evaluation of Current NSW Harm Minimisation Regime

In its submission of 8th June, 2001, the GIO outlined the extraordinary changes that have occurred and are about to occur in the NSW Gaming Industry to address ‘harm minimisation’.

The GIO suggested that *“no changes other than those set out in the First Determination (modified as requested in this document) are implemented until the outcome of all recent changes (which have established*

⁶ Sydney University Report, p. 10.

⁷ Productivity Commission Report, Volume 1, at page 6.45.



NSW as a world leader in this area) have been properly assessed in terms of their effectiveness in helping people who have a problem with their gambling.”⁸

The GIO sought, in that submission, “a three (3) year ‘evaluation phase’ for the current extensive range of NSW ‘harm minimisation’ measures to permit such an effective evaluation to take place and to permit the treatment initiatives proposed in this submission to be implemented.”⁹

Less than two months after the GIO’s 8th June, 2001 submission, an extensive range of further harm minimisation initiatives were announced (on 26 July, 2001) by the NSW Government with its “gaming reform plan”.

These initiatives have now been finalised in the form of the Gaming Machines Act, 2001.

The GIO accordingly reiterates its request for a 3 year evaluation phase to permit the effectiveness of the existing and new range of measures to be properly assessed (in terms of whether – and the extent to which - they reduce problem gambling in NSW) before a decision is made as to whether any further changes are required.

2.2 Very Limited Potential Impact on Problem Gambling

Sydney University found that a very small proportion – 7.5%¹⁰ of the ‘pathological gamblers’ identified by the SOGS test (ie the 20% of participants who scored 5 or more) bet above the

⁸ GIO Submission of 8th June, 2001, p. 8.

⁹ GIO Submission of 8th June, 2001, p. 8.

¹⁰ Sydney University Research Report, p. 10.



\$1.00 level and it is only these problem gamblers who ‘might’ be positively impacted by such a measure: “if very few bets exceed \$1.00 then the introduction of this measure will have little impact”.¹¹

2.3 Significant Cost Implications

The costs associated with the proposed measure, on its own, are estimated by the independent CIE research work, to be likely to reduce club venue revenue in NSW by 17% (ie \$440 million¹²) and hotel venue revenue by 39% (ie \$351 million¹³).

This would be nothing short of catastrophic for many venues and a large number would undoubtedly close as a direct result of the introduction of such a measure.

The reason for this impact – which amounts to a loss of \$791 million in revenue¹⁴ – is that the introduction of the measure would have a significant negative impact on *recreational player* satisfaction.

GIO members believe that the vast bulk of the lost revenue would comprise gaming expenditure by *recreational* players.

¹¹ Sydney University Research Report, p. 31.

¹² CIE Report, page 35-36.

¹³ CIE Report, page 39.

¹⁴ CIE Report, page 35-36 and page 39.



2.4 Problem Gamblers Not Specifically Targeted by Measure

The measure may only be effective because of its impact on destroying a key element of the fundamental essence of the appeal of a gaming machine to a player.

It does not impact more effectively on problem gamblers than recreational gamblers. In fact, the *reverse* appears to be the case.

Sydney University found that while recreational players disliked the modification, some 'problem gamblers' "*appeared to welcome the modification, giving it higher ratings for enjoyment and satisfaction*" in relation to the modified machines¹⁵.

How can a measure which provides 'problem gamblers' with 'greater enjoyment' than recreational players be considered an effective harm minimisation measure?

2.5 Cost to Government

The CIE has estimated that the State stands to lose \$95 million in club gaming machine duties and GST equivalent grants and a further \$110 million in tax paid by hotels as a result of the introduction of the proposed \$1 Max Bet measure¹⁶.

In addition to the direct loss, further related losses of state revenue are envisaged by CIE.

¹⁵ Sydney University Research Report, p. 10

¹⁶ CIE Report, page 41.



These could be in the region of a further \$100 million.

It is accordingly estimated, *conservatively*, that this measure could reduce State Government revenues by \$300 million. Many costs have not been taken into account, for example:

- the cost of replacing facilities and infrastructure provided by venues which close;
- payroll tax foregone;
- welfare payments to the unemployed.

2.6 Potential Negative Impact on Social Lives of Players

Sydney University states, in the context of reel spin speed, that *“it is possible that lengthening the playing time will simply mean that it takes longer for players to lose all their money.”*¹⁷

The GIO believes that imposing a maximum bet of \$1.00 is likely to have an identical impact to reducing the speed of reel spin in terms of lengthening playing time.

Sydney University warns that:

*“it is not uncommon for pathological gamblers to delay returning to work or home, fail to meet social commitments or leave children unaccompanied in cars while they satisfy their urge to gamble. For individuals with a strong drive to gamble, reducing the rate of play may result in compensatory increases in time spent gambling leading to the situation where similar amounts are lost but now over longer periods of time”*¹⁸.

¹⁷ Sydney University Research Report, p. 34.

¹⁸ Sydney University Research Report, p. 34.



In relation to reel spin, the comment is made by Sydney University that the lengthening of playing time “may...also produce unintended negative consequences in other aspects of functioning such as spending more time at the venue and away from work or home”¹⁹.

The GIO believes that *any measure which lengthens playing time* – including limiting the maximum bet to \$1.00 - is just as likely to have the same potential negative impact.

2.7 Closure of Many Marginal Venues Likely

The introduction of this measure would undoubtedly lead to the closure of many marginal venues which simply would not be able to cope with the loss of revenue involved.

It is extremely difficult to predict the precise numbers of venues involved due to individual variables but the GIO believes that many marginal NSW clubs and hotels would have no alternative but to close down. A large proportion of these venues are in rural or regional areas where the local population relies heavily on the resources and facilities provided by hotels and clubs.

2.8 Employment Implications

CIE estimates that up to 18,193 jobs could be at risk in the short term should the \$1.00 Maximum Bet measure be implemented²⁰ (and up to 20,999 jobs could be at risk if all three measures were implemented).

¹⁹ Sydney University Research Report, p. 35.



The GIO believes that *virtually every venue in NSW would shed staff* if this measure was introduced.

It should be noted that many venues will *also* be shedding staff as a result of the current ‘harm minimisation’ measures and that many jobs in businesses servicing clubs and hotels would also be at risk.

The impact on unemployment in this state that would follow from this measure would be nothing short of catastrophic.

The GIO notes that additional costs – principally the welfare costs arising from displacement of staff and the reduction in payroll tax associated with the decline in employment – have not been taken into account by CIE as they are too difficult to assess.

2.9 Uniqueness of Measure

Although a small number of jurisdictions have limited bet size, the vast majority of jurisdictions have not.

As far as the GIO is aware, there is no limit on maximum bet *in any US jurisdiction*.

It was not even considered by the NGISC.

There is no maximum bet in Victoria or Western Australia.

²⁰ CIE Report, p.45.



A \$10 Maximum Bet is applicable in South Australia, Tasmania and the ACT (as well as NSW).

In the UK, the Budd Report has *specifically* (and recently) recommended no limit on stakes for casinos²¹.

Even the Productivity Commission describes tighter restrictions on the maximum amount that can be bet as “*relatively ‘heavy handed’*”²² noting that high intensity play can be enjoyable and that some recreational players would derive less pleasure from gambling on machines that reduced that option.

The measure in question is particularly ‘unique’ given that the \$10 maximum bet level, set in 1988, has now been in place for 13 years and arguably has therefore reduced to \$5.25 in real terms (see paragraph 3.3.2) suggesting that the goal envisaged by the LAB has already been achieved simply through the passing of time.

2.10 Further Research Required

Although the research work was ground breaking research work of a nature never carried out anywhere else in the world, it appears to have raised many important and puzzling questions which suggest the issues are more complex than originally believed.

²¹ Budd Report, Section 12.63, page 137.

²² Productivity Commission Report, page 16.80.



Why did recreational gamblers report less enjoyment with modified machines while some problem gamblers reported the reverse?²³

What impact did the “Project Limitations”²⁴ have?

2.11 Alternative More Directed Measures Require Consideration

The GIO believes that alternative solutions – which may be described as *‘harm reduction’* rather than *‘harm minimisation’* measures - exist which are likely to be far more effective than a \$1 Maximum Bet in tackling problem gambling (and less costly).

The GIO believes that these “harm reduction” measures – which focus on identification of problem gamblers and provision of effective treatment – clearly require further detailed consideration before what the Productivity Commission describes as a ‘heavy handed’ approach is even considered in relation to Maximum Bet.

One of the most promising (in terms of potential effectiveness) of these *‘harm reduction’* measures revolves around improving the competency of problem gambling treatment providers and carrying out more research in the problem gambling area.

The following comment by Sydney University is considered particularly important in this regard although it lies outside the scope of the study:

²³ Sydney University Report, p. 10.

²⁴ Sydney University Report, p. 7.



“Clearly, treatment of those who have developed serious problems with gambling is an important issue, one that requires substantive further research into determining and improving the efficacy and effectiveness of psychological and other counselling interventions. There is an imperative need to establish evidence based best practice guidelines to inform service providers but this falls outside the terms of reference of this project.”²⁵

The GIO strongly believes that problem gambling can *only* be effectively addressed through:

- effective properly qualified treatment of problem gamblers, and
- education of players and potential players.

In reference to the ‘effective treatment’ priority, the GIO supports and endorses the five-year strategic plan aimed at improving the availability and quality of treatment and counselling services for problem gamblers, their families and friends (announced on 10 October 2001 by the Minister for Gaming and Racing). The "Policy Framework on Treatment Services for Problem Gamblers and Their Families" represents a significant achievement for NSW and for Australia. The five-year plan will lead to a more co-ordinated network of services for people in the community who require this assistance.

The NSW gaming industry has adopted and implemented a ‘harm minimisation’ and ‘responsible gambling’ philosophy which goes well beyond the current legislation, regulations and standards. In particular, the NSW gaming industry:

- has pro-actively suggested additional measures (many of which have been accepted and adopted by the LAB);

²⁵ Sydney University Report, p. 11.



- prepared key documents (ie the AGMMA *Player Information Booklet* ('PIB'), *Chances of Winning* ('COW') format, the draft State Wide *Standard Self-Exclusion Deed* set out as Annexure A to the GIO's 8/6/01 submission, the draft NSW Gaming Industry *Advertising and Promotions Code of Practice* set out as Annexure C to the GIO's 8/6/01 submission and proposed new regulations set out in Annexure D to the GIO's 8/6/01 submission);
- advocated more effective 'harm minimisation' alternatives;
- defined, scoped and funded complex research projects and economic studies;
- pioneered a unique 'world first' national problem gambling competencies project (Annexure B to the GIO's 8/6/01 submission) and
- worked in close co-operation and consultation with the LAB and the Department on a wide range of matters.

The LAB itself has acknowledged the input provided by the GIO²⁶.

GIO members believe that the New South Wales Government has taken 'responsible gaming' further than any other Australian or international gaming jurisdiction.

The GIO respectfully suggests that the "First Determination" announced by the LAB on 2nd May, 2001 still requires some refinement in terms of its ultimate form.

The GIO accordingly reiterates its 8 June request that no changes other than those set out in the "First Determination" (modified as requested in this document) are implemented until the outcome of all the announced changes (which have established NSW as a world leader in

²⁶ LAB *First Determination*, page 23



this area) has been properly assessed in terms of their effectiveness in helping people who have a problem with their gambling.

The GIO confirms its request that a three (3) year 'evaluation phase' of the current extensive range of NSW 'harm minimisation' measures commence as soon as the new legislation and regulations are passed to permit such an effective evaluation to take place and to permit the treatment initiatives proposed in this submission to be implemented.



3 Research Issues

3.1 Reel Spin

3.1.1 Sydney University Research Work on Reel Spin

The results of the study were that:

- Players of the modified machines *consistently* rated their enjoyment lower than players on the faster machines²⁷;
- Both problem gamblers and recreational players responded negatively to the change but problem gamblers rated all machines as less enjoyable than recreational gamblers²⁸;
- Only 14% of players accurately identified all the modifications²⁹ and an even smaller minority recognised changes to the speed of reel spin;
- Players who play slower tend to play for longer periods³⁰;
- The modified reel spin had no impact on time spent on the machine, the number of bets placed, the amount lost, credits or lines staked, alcohol consumed, cigarette consumption or visits to the ATM³¹;

²⁷ Sydney University Report, p. 47.

²⁸ Sydney University Report, p. 47.

²⁹ Sydney University Report, p. 48.

³⁰ Sydney University Report, p. 65.

³¹ Sydney University Report, p. 60.



- Problem gamblers did not more often play more quickly than 5-second wager cycles³²; indeed only 3.5% of all participating players played at wager cycles faster than 3.5 seconds across the entire period of play³³;
- Speed of play did not predict severity of gambling according to SOGS³⁴;
- Speed of play is related to persistence: *“It was the participants who gambled more slowly who were likely to play for longer.”*³⁵

Sydney University concluded that the latter finding was particularly significant:

*“This is an important finding because it suggests that if one were to slow down the speed with which the wager cycles were played, players might simply play for longer. This suggests that slowing down the speed of games might actually increase the harm associated with gambling because the gambler would remain at the machine longer. Further research is required to clarify this point.”*³⁶

Sydney University also found that slowing down the reel spin to five seconds did not affect the gambling behaviour of participants in the study³⁷. Sydney University concluded that:

“...there was no difference in the proportion of problem versus recreational gamblers who bet on wager cycles that were on average less than 5 seconds per bet. Only 14% of problem gamblers used wager cycles that were faster than the proposed 5 seconds speed. This suggests that if the speed of wager cycles were reduced to 5

³² Sydney University Report, p. 62.

³³ Sydney University Report, p. 63.

³⁴ Sydney University Report, p. 63.

³⁵ Sydney University Report, p. 64.

³⁶ Sydney University Report, p. 64.

³⁷ Sydney University Report, p. 64.



seconds, this modification would affect only a small proportion of the minority of gamblers who experience problems with their gambling.”³⁸

Indeed, Sydney University concluded that *“there is very weak evidence to suggest that slowing down the reel spin of electronic gaming machines may help a small proportion of problem gamblers but there is evidence of potential unintended negative consequences, specifically that it may simply extend the period of play for a cohort of individuals”³⁹.*

3.1.2 Focus Group Results on Reel Spin

In addition to the test bed work, Sydney University assembled a focus group of identified pathological gamblers to consider the LAB proposals.

The issues discussed included the impact of slowing the rate of play. Sydney University summarised the results of the focus group discussion as follows:

“In summary, the consensus was that most problem gamblers would adjust to any reduction in reel spin and would simply lead to similar levels of expenditure but over longer sessions with the possible prospect of increasing behaviours such as smoking and drinking.”⁴⁰

³⁸ Sydney University Report, p. 66.

³⁹ Sydney University Report, p. 73.

⁴⁰ Sydney University Report, p. 82.



3.1.3 GIO Comment on Reel Spin

The GIO suggests that no measure should be adopted which is found to be likely to entice players to spend longer in gaming venues than they would if the measure was not adopted.

The GIO notes Sydney University's comment that *"it is not uncommon for pathological gamblers to delay returning to work or home, fail to meet social commitments or leave children unaccompanied in cars while they satisfy their urge to gamble."*⁴¹

In relation to reel spin, Sydney University notes that the lengthening of playing time *"may have unintended negative consequences, such as increasing the time that players gamble"*⁴².

The GIO believes, therefore, that it is clearly not advisable to adopt this measure on harm minimisation grounds alone. The GIO accordingly requests that it be withdrawn as a "Provisional Determination".

3.1.4 Reel Spin and CIE Research

The CIE found that slower game speeds were not amenable to analysis based on current turnover in the same way as the \$1.00 maximum bet proposal⁴³ but CIE was able to provide

⁴¹ Sydney University Research Report, p. 34.

⁴² Sydney University Research Report, p. 65.

⁴³ CIE Report, p. xi



an estimate of the likely revenue risk if the measure was *combined* with the \$1.00 maximum bet proposal.

CIE estimated that it would be likely to increase the revenue at risk in clubs by 23.53% (from 17% to 21%) and the revenue at risk in hotels by 5.13% (from 39% to 41%)⁴⁴.

The magnitude of these sums is illustrated by the following calculations.

- 4% of the estimated \$2.5 billion in revenue generated from gaming machines⁴⁵ in clubs is \$100 million.
- 2% of the estimated \$898 million in revenue generated by gaming machines⁴⁶ in hotels is \$17.96 million dollars.

The financial and subsequent social implications of the proposed measures would be catastrophic. Sydney University found that no material harm minimisation would be achieved through the reel spin measure.

3.1.5 Reel Spin Conclusion

The GIO respectfully requests that the LAB reconsider Provisional Determination 6 (as set out on page 42 of the LAB First Determination dated April 2001) based on the Sydney University Research and the CIE Research.

⁴⁴ CIE Report, page xi.

⁴⁵ CIE Report, page 3 (1999 figure)

⁴⁶ CIE Report, page 6 (1999 figure)



3.2 Bill Acceptors

3.2.1 Sydney University Research Work on Bill Acceptors

The results of the study were that:

- *“...the use of bill acceptors did not appear to be reliably associated with problem gambling status, severity of problem gambling, amount of money lost or persistence in play.”⁴⁷*

This finding directly contradicts the Productivity Commission Survey. GIO members believe that the independent Sydney University survey involves a more detailed methodology and was of a significantly more sophisticated and thorough nature;

- *“Limiting bill acceptors to \$20 denominations did affect expenditure more than any other individual modification, reducing take by 42%”⁴⁸*

Given the methodological difficulties faced by CIE in terms of identifying the loss arising from modification of bill acceptors only, this finding is a very serious one because nearly all gaming machines now have bill acceptors.

It suggests that of the \$2.6 billion in gaming machine revenues⁴⁹ generated by NSW clubs, over \$1 billion may be ‘at risk’ from this modification alone. It also suggests

⁴⁷ Sydney University Report, p. 9.

⁴⁸ Sydney University Report, p. 9.

⁴⁹ CIE Report, p. 5.



that of the \$898 million in gaming revenues earned in hotels⁵⁰, \$377 million may be 'at risk' from this modification alone.

Recent experience in Queensland has demonstrated the significant impact on gaming revenues of modifications to bill acceptors.

- *“Anecdotal data obtained from pathological gamblers participating in the focus groups suggested that this proposed modification would be unlikely to lead to an alteration in patterns of play.”⁵¹*
- *“The present study found no evidence supporting the contention that this modification would effectively reduce gambling behaviour amongst problem gamblers.”⁵²*

This is perceived as the fundamental finding which speaks for itself.

In summary, then, Sydney University found that there was *no evidence* that such a modification comprised an effective harm minimisation measure.

⁵⁰ CIE Report, p. 6.

⁵¹ Sydney University Report, p. 9.

⁵² Sydney University Report, p. 9.



3.2.2 Focus Group Results on Bill Acceptors

In addition to the test bed work, Sydney University assembled a focus group of identified pathological gamblers to consider the LAB proposals.

The issues discussed included modifying bill acceptors. Different views were expressed on the subject.

Sydney University summarised the results of the focus group discussion as follows:

“Reducing the bill acceptor to twenty dollar denominations appeared unlikely to exert any effect. Participants suggested that gamblers would merely withdraw cash from ATMs in twenty dollar denominations without leading to too much inconvenience or disruption in enjoyment.”⁵³

3.2.3 GIO Comment on Bill Acceptors

The GIO believes that the independent Sydney University Research unequivocally demonstrates that reconfiguration of bill acceptors is *not* an effective harm minimisation measure and but is likely to reduce revenues to a significant extent by impacting adversely on the enjoyment experienced by recreational players.

The GIO accordingly respectfully requests that it be withdrawn as a “Provisional Determination”.

⁵³ Sydney University Report, p. 83.



3.2.4 Bill Acceptors and CIE Research

The CIE found that bill acceptor reconfiguration was not amenable to analysis based on current turnover in the same way as the \$1.00 maximum bet proposal was⁵⁴ but the CIE was able to provide an estimate of the likely revenue risk if all three measures were adopted.

The CIE estimates that if all three measures were adopted, it would be likely to increase the revenue at risk in clubs by 23.53% (from 17% to 21%) and the revenue at risk in hotels by 5.13% (from 39% to 41%)⁵⁵.

As noted above, these are significant sums:

- 4% of the estimated \$2.5 billion in revenue generated from gaming machines⁵⁶ in clubs is \$100 million.
- 2% of the estimated \$898 million in revenue generated by gaming machines⁵⁷ in hotels is \$17.96 million dollars.

⁵⁴ CIE Report, page xi

⁵⁵ CIE Report, page xi.

⁵⁶ CIE Report, page 3 (1999 figure)

⁵⁷ CIE Report, page 6 (1999 figure)



3.2.5 Canadian Evidence

The GIO notes that the question of a link between bill acceptors and problem gambling has been investigated in other jurisdictions and no relationship between the two established.

Advice has been obtained from the Nova Scotia Gaming Corporation⁵⁸ as follows:

“Before Nova Scotia decided to allow bill acceptors on VLTs, the Gaming Corporation looked at available research to determine if there was a link between bill acceptors and excessive play. This is an area where the research is limited. From the information that was available, comparisons between gaming jurisdictions with bill acceptors and those without demonstrated no statistical difference in overall levels of problem gambling. As well, two studies conducted by Baseline Market Research – one in Nova Scotia when casinos were introduced and offered slot machines with bill acceptors and the other in New Brunswick when bill acceptors were introduced in that province – showed no direct relationship between bill acceptors and problem gambling. Given that bill acceptors are an industry standard and that they provide better security and improved customer service, we moved ahead with offering them in Nova Scotia.”

3.2.6 Bill Acceptors Conclusion

The GIO believes that there is clear evidence that the financial and subsequent social implications of the proposed measures would be nothing short of catastrophic.

⁵⁸ A letter from Marie T. Mullally, C.A., President and CEO of the Nova Scotia Gaming Corporation containing this paragraph will be made available to the Board on request.



The GIO notes that Sydney University has found that no material harm minimisation would be achieved through the proposed bill acceptor measure.

Finally, the GIO notes that the issue has been investigated in two Canadian jurisdictions where the outcome of research has confirmed views expressed to the Board in the GIO's earlier submission of 9 June, 2000 (page 18/19): there is no relationship between problem gambling and the use of bill acceptors.

The GIO accordingly respectfully requests that the LAB reconsider Provisional Determination 2 (as set out on page 28 of the LAB First Determination dated April 2001) based on the Sydney University Research and the CIE Research.



3.3 Maximum Bet

3.3.1 LAB Proposals of 17 December, 2000

The proposal to limit the maximum bet on stand-alone machines to \$1.00 was announced by the LAB on 17 November, 2000 as part of the LAB's "Provisional Determination" in relation to slowing the speed of games to add a few seconds to the time of individual games⁵⁹.

The LAB stated:

*"...the Board is of the view that slowing the rate of play would be an ineffective measure in preventing excessive player losses unless the bet limit is also reduced. Even if the bet level was reduced to \$5.00 as suggested, it would still be possible for a player to lose up to \$3,000 per hour on a stand alone machine. The Board therefore proposes to limit the maximum bet on stand-alone machines to \$1.00 also on a trial basis. The maximum bet on multi-terminal gaming machines is prescribed in regulation 30B of the Registered Clubs Regulation 1996. The Board therefore does not have the power to change this limitation. The Board, however, proposes to recommend to the Minister that the maximum bet on multi-terminal gaming machines, which is current \$100, be reduced to \$10. The issue of the increased return to player may possibly have an adverse effect in relation to problem gambling by encouraging people to play more because their chances of winning have increased. This perception is of course balanced by the fact that the long-term return to player will produce very little difference in the short term because of the truly random nature of the winning chances."*⁶⁰

⁵⁹ LAB 17 November Announcement, p. 15.

⁶⁰ LAB 17 November Announcement, p. 15-16.



3.3.2 \$3,000 an Hour?

The GIO is perplexed by the LAB's statement that "Even if the bet level was reduced to \$5.00 as suggested, it would still be possible for a player to lose up to \$3,000 per hour on a stand alone machine."

Firstly, the GIO has not suggested – and does not support – reducing the bet level to \$5.00.

Indeed, as noted earlier, the current \$10.00 Maximum Bet Level was set in 1988, some 13 years ago and the value of that 1988 \$10.00 now, 13 years later, is arguably actually \$5.25⁶¹ – so, in many respects, the impact sought to be achieved has already been achieved by effluxion of time.

Secondly, the GIO is puzzled by the LAB statement that, with a \$5.00 maximum bet, "it would still be possible" for a person to "lose up to \$3,000 per hour on a stand alone machine".

The concept of probability is generally regarded as a useful criterion only if the range of possibilities is such that the outcome is reasonably likely. The GIO believes that if something is 'possible', but *very* unlikely, it is indicative that it is close to irrelevant.

The GIO requested Aristocrat Technologies to carry out some specific trials to test this suggestion as it appears that this suggestion has played a significant part in influencing the LAB to put forward the \$1.00 Max Bet "Provisional Determination".

⁶¹ *The ABS Longer Term CPI Figures are 1988, 87, 2001, 132.7 which indicate a 52.53% change in value between 1988 and 2001.*



Aristocrat Technologies was requested to test two of its most popular games to establish the probability of a player losing \$3,000 an hour at the hypothetical \$5.00 Maximum Bet referred to in the LAB “Provisional Determination” (quoted on page 26).

The games chosen were two of Aristocrat Technologies most popular games: a one-cent denomination “Queen of the Nile” game and a \$1.00 denomination “Black Panther”⁶².

The advice received from Aristocrat Technologies was as follows.

It is *virtually impossible* to play 720 games an hour because of the time taken to inset bills, ‘normal’ breaks taken by players, the way that winning time out and features operate in modern gaming machines and the normal pace of play of the majority of players.

Assuming a notional Maximum Bet of \$5.00 (as hypothesised by the LAB), it is true that a player could *theoretically* (but not in practice) lose \$3,000 dollars in an hour (and, indeed, can also win \$3,000 an hour).

However, the critical point is that such a *theoretical* \$3,000 an hour loss will occur less than once in every 100,000 one hour play periods. It is accordingly appropriate to describe it as a ‘remote’ possibility.

⁶² Simulations were conducted using a 20 line one cent Queen of the Nile and a 3 line \$1.00 Black Panther set at 87% RTP and 90% RTP respectively. 100,000 trials were run for each game. After each game the RTP for that trial was recorded and utilised to determine the loss in dollars for a \$5.00 bet. For 720 Games, a loss of \$3,000 represents an RTP of 16.6% for a \$5.00 bet. After 100,000 trials on Queen of the Nile, the lowest RTP was 41% (\$2,124 lost @ \$5.00 per game). After 100,000 trials on Black Panther, the lowest RTP was 38.3% (\$2,221 lost @ \$5.00 per game).



The GIO believes that it is inappropriate to give weight to such remote possibilities when formulating harm minimisation measures particularly when, as noted above, it is, in any event, *virtually impossible* to play 720 games an hour so this is purely a theoretical calculation which will not occur in practice.

As this “\$3,000 per hour loss” calculation appears to have influenced the LAB to have conceived this proposal, the GIO respectfully suggests that reconsideration of the calculation is in order.

Even the Productivity Commission estimates losses of between \$700 and \$1,000 an hour ‘at maximum playing intensity’ and, as noted above, this would be difficult to achieve.

3.3.3 Productivity Commission Report

The LAB proposal appears to have its genesis in the 1999 Productivity Commission Report, which stated that:

- (i) there are “a number of ways of reducing high intensity playing” including “tighter restrictions on the maximum amount that can be bet with a single button push”⁶³;
- (ii) “given that the time available for many problem gamblers is limited (by jobs and other pre-commitments), overall expenditure by problem gamblers would probably fall by making gambling per hour cheaper, while fewer people would be likely to progress to problem levels of play.”⁶⁴

⁶³ Productivity Commission Report, p. 16.80

⁶⁴ Productivity Commission Report, p. 16.80



It should be noted that the Productivity Commission did not substantiate or attempt to substantiate the hypotheses (the word “*probably*” is used) that it put forward.

In fact, the Productivity Commission described such controls as “relatively heavy handed” and noted that:

- (i) “high intensity play (can be) enjoyable and some recreational gamblers would derive less pleasure from gambling on machines that reduced that option” and
- ii) “how much any given control would affect recreational gamblers depends on the relative spending patterns of recreational versus problem gamblers”.

The GIO endorses the first comment but has difficulty with the logic of the second comment.

It should be noted that the Productivity Commission did not endorse, recommend or even consider a reduction in the Maximum Bet to \$1.00 (or any other amount).

3.3.4 GIO Response of 15 December, 2000

The GIO responded to the LAB “Provisional Determination” of 17 November, 2000 on 15 December, 2000. The GIO stated⁶⁵:

- o The GIO believed that the proposed changes would have virtually no impact on the problem gambler;

⁶⁵ GIO Submission of 15 December, 2000, p. 14.



- There was no evidence that either explicitly or implicitly demonstrated that the harm minimisation envisaged by the board would be achieved through the proposal;
- The proposal was likely to adversely influence recreational players;
- The proposal was likely to reduce the earnings derived from gaming machines to such an extent that the financial viability of many venues would be seriously prejudiced, the support provided to local communities would be impacted and employment would be seriously reduced.
- The GIO offered to fund independent research to “*demonstrate the precise impact of the proposals*”⁶⁶.

3.3.5 LAB First Determination – April, 2001

In its First Determination, the LAB agreed to “*defer consideration of the following matters*” pending the submission of the results of research work⁶⁷.

3.3.6 Sydney University Research Work on Maximum Bet

The Sydney University Research Report involved field research focusing on a number of ‘Pirates’ Gaming Machines manufactured by Aristocrat and specially configured to limit the Maximum Bet to \$1.00.

⁶⁶ GIO Submission of 15 December, 2000, p. 14.

⁶⁷ LAB First Determination , p.42.



Most of the machines involved in the research included combinations of the proposed measures, but several machines in both hotels and clubs were modified to limit the Maximum Bet alone.

One of these modified machines was placed in each of 4 clubs and also in one hotel.

In summary, the results of the study were that:

- *“Reducing the maximum bet from \$10 to \$1.00 was rated as slightly less satisfying and enjoyable for recreational gamblers in the hotels, even though problem gamblers rated machines with a \$1.00 maximum bet as more satisfying and enjoyable to play”.*⁶⁸

The GIO believes that this finding demonstrates unequivocally that this modification would be *less* effective in terms of adversely influencing problem gamblers than it would be in adversely influencing recreational gamblers.

- *“This modification did not affect the player’s views as to whether or not they would still play the machine.”*⁶⁹

The GIO believes that a ‘harm minimisation’ measure, which does not impact on problem gamblers’ intention to play machines, is arguably not an effective harm minimisation measure.

⁶⁸ Sydney University Report, p. 10.

⁶⁹ Sydney University Report, p. 10.



- *“The number of credits wagered (which relates to bet size since the majority of all players bet on 20 lines) was a constant predictor of problems with gambling and severity of problems”.*⁷⁰

The GIO does not find this finding surprising. It effectively states that problem gamblers play machines more often and more intensively than recreational gamblers. However, GIO members believe that interfering with the individual bet does not impact in any material way on the overall gaming behaviour of problem gamblers. In other words, the GIO believes that it is likely that problem gamblers will continue to play gaming machines, irrespective of the maximum bet.

- *“Although expenditure was affected by reducing the maximum bet to \$1, the amount of take was less than for the other modifications. Thus it is likely that this modification would reduce revenue but to a lesser extent than the alternative proposed modifications.”*⁷¹

This aspect of the Sydney University study contrasts markedly with the outcome of the CIE research. The costs associated with the proposed measure, on its own, are estimated by the independent CIE research work, to be likely to reduce club venue revenue in NSW by 17% (ie \$440 million⁷²) and hotel venue revenue by 39% (ie \$351 million⁷³).

This would be nothing short of catastrophic for many venues and a large number would undoubtedly close as a direct result of the introduction of such a measure.

⁷⁰ Sydney University Report, p. 10.

⁷¹ Sydney University Report, p. 10.

⁷² CIE Report, page 35-36.

⁷³ CIE Report, page 39.



The reason for this impact – which amounts to a loss of in excess of \$240 million in revenue – is that the introduction of the measure would have a significant negative impact on *recreational player* satisfaction. GIO members believe that the vast bulk of the lost revenue would comprise gaming expenditure by *recreational* players.

- *“While many of the pathological gamblers interviewed in the focus groups reported that they did not usually bet in excess of \$1.00 per bet, they reported that this would be a helpful strategy for problem gamblers who did bet in excess of this amount.”⁷⁴*

The GIO suggests that this finding is both internally inconsistent and is based on the results of a relatively small focus group discussion - which requires that it be treated differently to the outcome of the more empirical test bed research. The GIO believes that this comment merits further research.

- *“Consistent with the results of Study 2, few problem gamblers (7.5% of the 20% in the total sample who were problem gamblers) bet above this level of \$1 but for this small proportion reducing the maximum bet would be likely to minimise harm.”⁷⁵*

The GIO believes that it is very significant that such a small number of problem gamblers bet above the level of \$1.

In its submission to the LAB of 9 June, 2000, the GIO noted that, in NSW clubs, some 56.49% of gaming machines are 1 cent and 2 cent machines, in NSW hotels,

⁷⁴ Sydney University Report, p. 10.

⁷⁵ Sydney University Report, p. 10.



some 83% of machines are 1 cent and 2 cent machines and at Star City, some 38.4% of the floor is made up of 1 cent and 2 cent machines.

As recently as 1995, one cent and two cent machines only made up 1.97% of the machines in NSW clubs. There is no doubt that player preferences have moved towards the lower denomination machines and are continuing to do so (it was for this reason that a one cent Pirates machine was used as the test bed machine).

A few players prefer the higher denomination machines. This group is already penalised by the increasing numbers of 1 cent and 2 cent machines. It seems grossly unfair to penalise those players who wish to bet over \$1.00 on the grounds that they 'may' include problem gamblers and those problem gamblers 'may' benefit from the limit.

The speculative nature of this measure is revealed by Sydney University's further finding that some problem gamblers "*appeared to welcome the modification, giving it high ratings for enjoyment and satisfaction*"⁷⁶.

- "*Reducing the maximum bet size potentially might, for a small proportion of players, reduce both the development and severity of gambling problems. While this modification may affect machine revenue, the effect was less than with the other proposed modifications.*"⁷⁷

The GIO has difficulty with this conclusion for the reasons set out above.

⁷⁶ Sydney University Report, p. 10.

⁷⁷ Sydney University Report, p. 10.



The extraordinary cost of the measure identified by CIE, the very limited number of problem gamblers likely to be assisted (7.5% of problem gamblers according to the study) and the apparent preference for such modified machines evident in many problem gamblers comprise the three principal reasons for the GIO's opposition to this measure.

- *‘Reducing the maximum bet size did not appear to lead to sessions being prolonged. However, it is possible that this reflected a player’s choice to use a different machine where the larger bet size were available or to substitute other forms of gambling. While there was no evidence in this study that reducing the maximum bet size would have any effect on persistence in play, only further research that investigated characteristic patterns of play in venues where all machines were modified would resolve the issue.’⁷⁸*

The GIO believes that it is *more than likely* that any reduction in the Maximum Bet would lead to problem gamblers spending longer in venues.

If this is so, it is clear that *precisely* the same negative impacts on problem gamblers that are perceived as likely consequences of the reel spin measure would be likely to follow.

⁷⁸ Sydney University Report, p. 10.



3.3.7 Focus Group Results on Maximum Bet

In addition to the test bed work, Sydney University assembled a focus group of identified pathological gamblers to consider the LAB proposals.

The issues discussed by the focus group included a \$1 Maximum Bet.

The outcome of the focus group discussions does not appear to lend support to the proposal:

- *“Problem gamblers who used single credit multiple lines to a maximum of 50 cents to \$1.00 did not consider this modification would make much difference.”⁷⁹*
- *“Those who exceeded this amount felt that it would affect their level of enjoyment but would adjust by playing the maximum bet size rather than not playing at all.”⁸⁰*
- *“It was not necessarily the bet size but how much the problem gambler had to take to the venue that determined whether or not they would attend the venue.”⁸¹*

⁷⁹ Sydney University Report, p. 83.

⁸⁰ Sydney University Report, p. 84.

⁸¹ Sydney University Report, p. 84.



3.3.8 GIO Comment and Maximum Bet

The GIO believes that the independent Sydney University Research by no means demonstrates that \$1 Maximum Bet is an effective harm minimisation measure.

On the contrary, it seems to raise more questions than it answers:

- Why do some problem gamblers prefer the machines configured to a \$1.00 Maximum Bet?
- If so few problem gamblers (7.5% of the 20% problem gamblers identified with SOGS scores of over 5 - that is 0.16% of the adult population) would benefit from the measure, how can it be considered an effective measure?
- Why would problem gamblers not simply adjust their playing time and gamble for longer periods (as the focus group predicted) giving rise to the identical adverse impact on problem gamblers identified in the context of slowing the reel spin?
- Given the enormous revenue costs for venues and the state, the significant numbers of jobs that would be lost, the depressing impact on the NSW economy and the severe lessening of enjoyment of recreational gamblers, this should not this measure be evaluated far more carefully before implementation is even considered?
- Is not 'harm reduction' (treatment) a preferable and more effective alternative to this 'harm minimisation measure'?

The GIO believes it is clearly not advisable to adopt this measure on harm minimisation grounds alone.



The GIO accordingly requests that it be withdrawn as a “Provisional Determination” particularly for the three year evaluation period referred to above.

3.3.9 Maximum Bet and CIE Research

Summary

The CIE found that:

“...the proposal to introduce a \$1.00 maximum bet limit, even if unaccompanied by the other two measures, is likely to put significant revenue at risk both in hotels and clubs. The turnover data from existing player behaviour suggests that, on its own, that measure puts 17% of club revenue at risk, on average. The comparable figure for hotels is 39%.”⁸²

As noted above, 65% of club revenue in 1999 has been estimated to have been generated by gaming machines and this 65% amounted to \$2.5 billion⁸³; 17% of this figure (the figure ‘at risk’) is \$440 million.

The CIE report also states that in 1999-2000, gaming machines in the 1,838 registered hotels in NSW generated just over \$900 million⁸⁴; 39% of this figure (the revenue ‘at risk’) is \$351 million.

⁸² CIE Report, page x.

⁸³ CIE Report, page 3.

⁸⁴ CIE Report, page 3.



In other words, this single harm minimisation measure is likely to cost the NSW gaming industry in the region of \$791 million annually.

Different Vulnerabilities of Gaming Venues

The GIO notes that some of its members are more reliant on gaming revenue than others.

In particular, the large clubs of NSW, which provide the NSW population with some of the finest facilities in the world, are particularly vulnerable to the measure.

The CIE points out that in larger clubs, 72% of revenue is generated by gaming machines⁸⁵. The GIO also notes the CIE finding that smaller clubs have more fragile profit margins⁸⁶:

“Fewer than 50% of clubs with revenues of less than \$1 million are more than marginally profitable. This implies that, although gaming machine revenues comprise a much smaller proportion of their total revenue, a small reduction in those clubs’ profit margins is likely to impact more dramatically on the viability of smaller clubs than larger clubs.”

NSW Hotels, on the other hand, are arguably more exposed to a fluctuation, particularly a 39% drop as opposed to a 17% drop, in expected gaming machine revenues than clubs as they have, individually, smaller asset bases and many have planned substantial expansions and related borrowing commitments based on reasonably expected gaming revenues.

⁸⁵ CIE Report, p.5.

⁸⁶ CIE Report, p.5.



Hotels are also arguably more vulnerable due to the higher rates of tax they pay on gaming revenue earned.

NSW State Revenue Implications

The CIE Report also notes that gaming machine revenues currently comprise approximately 6 percent of NSW State government revenues.

In 2000, \$595 million in duties was generated from gaming in clubs and a further \$359 million was generated from gaming in hotels⁸⁷.

CIE estimate that the State Government stands to “lose \$95 million in club gaming machine duties and GST equivalent grants as a result of a \$1 maximum bet limit”⁸⁸ and a further “\$110 million as a result of the introduction of a \$1 maximum bet limit on hotels.”⁸⁹

CIE also estimate that a further State Revenue loss arising from expenditure switching should be anticipated in the region of \$87.8 million⁹⁰.

In other words, it is estimated that this measure could impact on the enjoyment of *recreational* players (only 8% of problem gamblers were found to bet above \$1.00) to such an extent that the NSW Government stands to lose in the region of \$292.8 million (or over 30% of current state gaming machine duty revenue).

⁸⁷ CIE Report, p.6.

⁸⁸ CIE Report, p.41.

⁸⁹ CIE Report, p.41.

⁹⁰ CIE Report, p.43.



Employment Implications

The GIO notes that the CIE estimates that the \$1 Maximum Bet measure alone could place 18,193 jobs at risk in NSW in the short term⁹¹.

It should be noted that Bill Acceptor measures implemented recently in Queensland led to immediate employment reduction measures by the larger clubs. These were perceived as absolutely necessary by the clubs in question. Similar immediate employment impacts should be anticipated in NSW.

3.3.10 Maximum Bet Conclusion

The GIO respectfully requests that the LAB reconsider Provisional Determination 6 regarding reduction of Maximum Bet to \$1.00 (as set out on page 42 of the LAB First Determination dated April 2001) based on the Sydney University Research and the CIE Research.

⁹¹ CIE Report, p.45



4 Conclusion

The GIO supports harm minimisation and the reduction of problem gambling through effective, considered policy measures which can be demonstrated to be likely to reduce problem gambling in NSW without impacting on recreational players to an extent which is unjustifiable in the light of the available other alternative more effective measures which have a lesser impact on recreational players.

The GIO has endorsed, supported and, indeed, initiated many of the very broad range of technical measures that have been announced and are being considered to address this problem in NSW.

GIO members believe that NSW is leading the world in these technical harm minimisation measures and that many of the initiatives implemented in NSW will be followed around Australia and overseas.

The GIO respectfully submits that three matters need to be addressed before any further harm minimisation policy initiatives are announced:

- Firstly, the extensive range of 'harm minimisation' initiatives announced to date by the LAB and by the Government –many of which have yet to be detailed and implemented – require assessment in terms of the impact of these measures on problem gambling in NSW and on the gaming industry.

The GIO has suggested that a three year 'assessment period' commence once the current range of gaming reforms have been implemented through settled



regulation and standards. It is suggested that this review should be carried out by an independent panel of qualified persons who are recognised as neither 'pro-gaming' or 'anti-gaming'.

- Secondly, the GIO notes that legislation, regulations and standards in this area have a 'sticky' nature to them and suggests that the proposed 3 year assessment process should involve, from the outset, a commitment from the NSW Government/LAB that 'harm minimisation' measures which are found to be ineffective, marginal or counterproductive pursuant to this review process will be reconsidered during, or at the end of, the review period.
- Thirdly, the GIO believes that the area of 'harm reduction' (treatment) is one which merits considerably more attention by regulators and legislators as it is one which is, in the opinion of the GIO, far more likely to produce results as far as problem gamblers are concerned than the 'harm minimisation' strategies under consideration.

The GIO believes this is the case because:

- *anyone* in Australia can call themselves a 'problem gambling counsellor';
- no defined national treatment competencies have been established;
- no required qualifications are required or standards maintained;
- no courses are taught based on recognised competencies at tertiary institutions, and
- no formal examinations or testing of treatment providers to such recognised competencies takes place; the NSW health care net barely recognises problem gambling or facilitates the provision of funding for treatment of problem gambling to a meaningful extent.



The GIO believes that psychological treatment of problem gamblers is a key factor and has sought to initiate a project with the Australian Psychological Society to have these standards established.

There is no intention to exclude other treatment providers. However, this project is intended to deal only with psychological treatment because it is perceived that this is an area which requires attention.

The GIO seeks support from the NSW Government and the LAB in relation to this vitally important initiative which is perceived as significantly more important (in terms of its potential to reduce problem gambling) than the 'harm minimisation' measures currently under consideration.

Finally, the GIO wishes to thank the LAB for the opportunity to make this submission and looks forward to a continuing a constructive dialogue with the LAB in this area.