

**Developing a Public
Health/Consumer Protection
Approach to gambling &
Gambling Regulation**

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Overview

- Gambling in Australia: why focus on Victoria?
- Victorian government gaming policies-research
- GRP - Independent Gambling Research Panel

What the research points to

- The policy platform: Public health-consumer protection Dickerson and beyond
- 3 Phases in policy development on responsible gambling-contiguous and over-lapping
- What is sustainable gambling?

Overview of Gambling in Australia

- **Gambling is a significant part of the Australian economy** – gambling turnover in excess of \$A120 billion per year
- First wave of casinos in the 1970s
- Gaming machines in clubs from 1960s (NSW)(in hotels from 1990s)
- Other states growth in 1990s
- Over the 1990s decade:

Racing per capita gambling *decreased 22%*

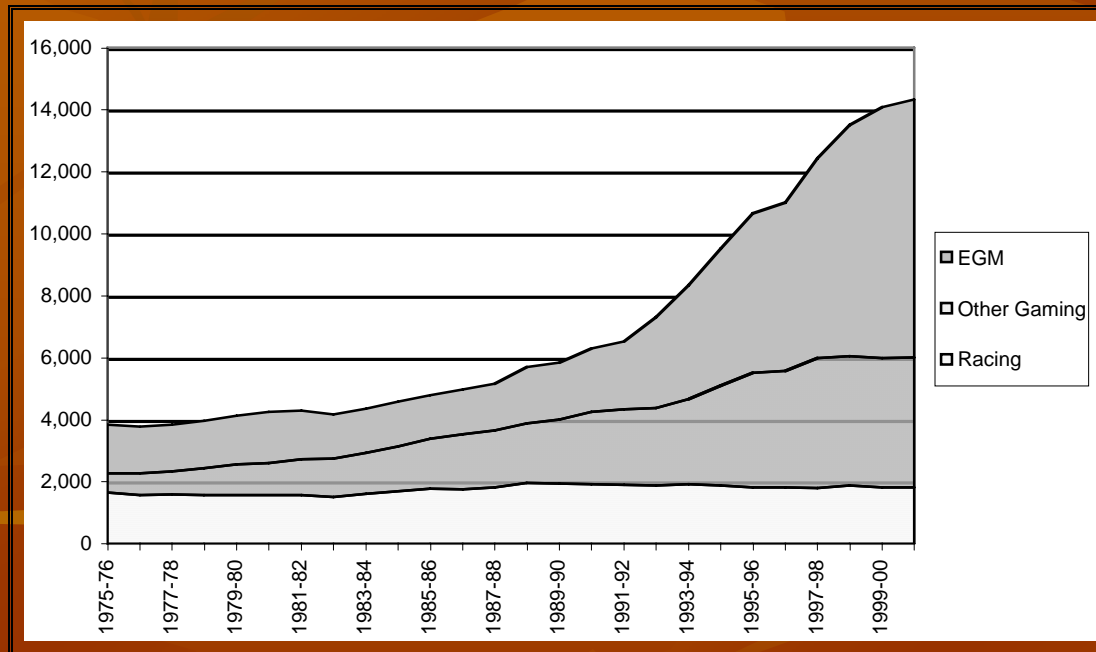
Gaming *increased 143.6%*

Sports betting *increased 381% (from 1994/5)*

EGMs: Growth in EGMs

Australia

Australian Real Gambling Expenditure, 1975-76 to 2000-01
Stacked Graph (\$'000)

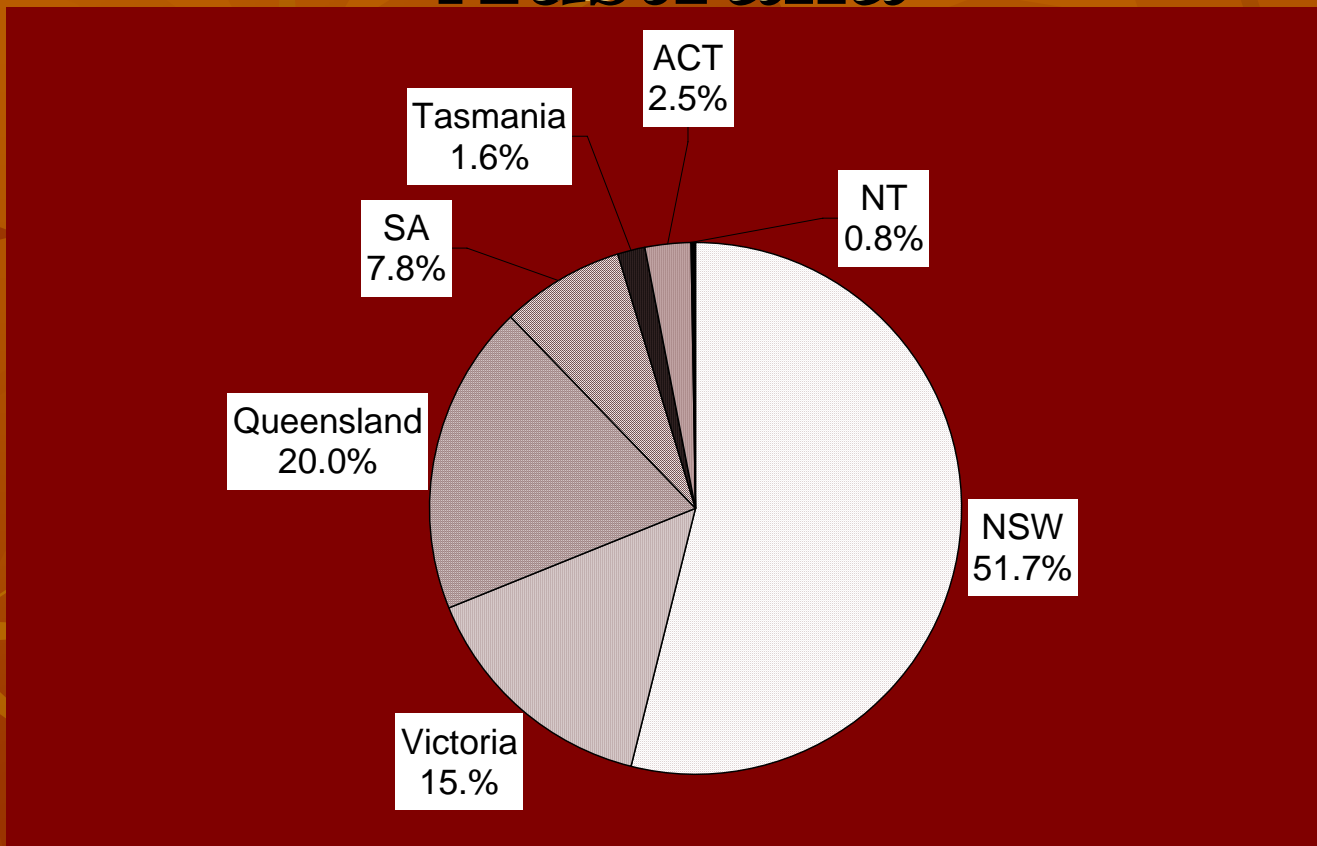


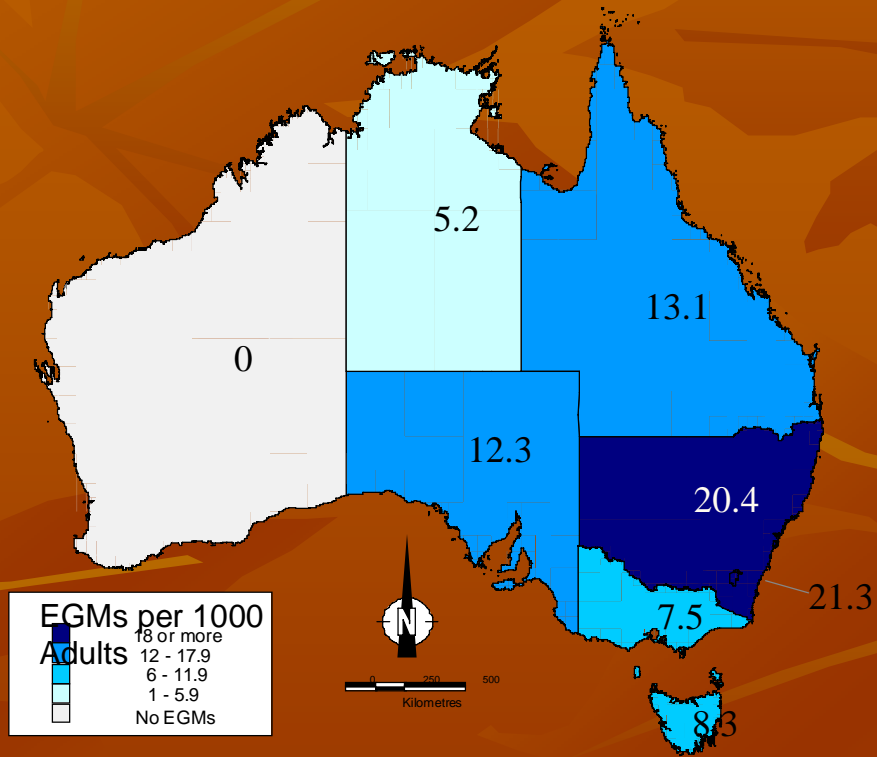
Source: Tasmanian Gaming Commission

Australia

- 199,002 EGMs in Australia June 2003

EGMs: State Distribution in Australia





NSW cf Victoria

- NSW 51.7% of non-casino EGMs in Australia
\$881 real per capita expenditure on EGMs per year
Growth rate 1990/91-2000-01= **65.7%**
90% of hotels and clubs have EGMs

- **Victoria** one of the lowest EGM concentrations BUT one of the highest per capita spends

15% of non-casino EGMs in Australia
\$625 real per capita expenditure per year on EGMs
Growth rate 1990/91-2000-01=**248.4%**
25% of clubs and hotels have EGMs

States are entering the mature phase of market growth

Problem Gambler's losses are significant

Problem Gamblers lose about **\$12,220** per year

(Average weekly wage approx. \$36,000)

(Compared with Nova Scotia where PGs spend on average **\$6,981** per year Schrans & Schellinck 2003).

Productivity Commission 1999

- 2.1 per cent adults PGs (SOGS) Pop'n prevalence;
- * 4.7 per cent of *all* gaming machine gamblers are problem gamblers;
- * 22.6 per cent of *weekly* electronic gaming machine gamblers are problem gamblers;
- * **42.3 per cent of net gaming machine revenue comes from gambling by problem gamblers;**
- * States with **high concentrations of gaming machines** have **high problem gambling prevalence rates** (New South Wales 2.55 per cent, Victoria 2.14 per cent); and
- * cf. Western Australia 0.7 per cent, Tasmania 0.44 per cent).
- * Strong correlation between EGMs per 1000 persons and EGM expenditure per head

Why Victoria?

- History of legalisation of gambling for taxation, probity, control and to eliminate gambling-related criminal activity.
1990s roll-out of EGMs
- 1991 Gaming Control Act
- 1992 EGMs introduced into clubs and pubs-**growth**
- 1994 Crown Casino established and opened on present site in 1997
- High growth over last decade- levelling off
- **Duopoly market structure-good for research**
- EGMs licenced to venue but owned and operated by Tatts and Tabcorp- **efficient distribution of machines**
- CMS system (central monitoring system)
Networks with real-time surveillance and monitoring

Victorian government Responsible Gaming Policies

- **STATE-WIDE CAP** ON MACHINES N=27,000 (Plus 2,700 in Casino)
- **Regional caps** in low SES areas
- **lighting** in venues;
- **clocks** on machines;
- **banning minors**
- **restricting smoking** areas in venues;
- **no 24 hour gaming** venues in regional and rural Victoria;
- **limits on 24 hour trading** -4 hour shut down
- **access to ATM and EFTPOS** facilities at venues to \$200 per transaction;
- **prohibiting cash withdrawals** from credit accounts from ATM/EFTPOS facilities at a gaming venue;
- **winnings** or accumulated credits in excess of \$2,000 to be paid by cheque;
- **prohibiting venues from cashing winnings cheques** issued by the venue.

Cont.....

- banning \$100 **note acceptors** on machines;
- prohibiting an increase in machine **spin rates** above current levels;
- banning **auto-play** facilities;
- setting **maximum bet limits** of \$10;
- **displaying information** about the odds of winning and the amount of time and money spent by the player on gaming machines;
- spin rate, bet limit, auto play and note acceptors **unregulated** in specified areas of the casino
- Restrictions on advertising being phased in

Victorian reform agenda so far.....

- Responsible gambling
- Harm minimisation
- Most reforms have no research basis and ‘fell out of the sky’
- Little focus on gaming products or interaction of product and consumer
- Gambling revenue has gone up *despite* RG measures
- Concentration of machines in geographic areas of disadvantage with high revenue of concern to local government

(Livingston, 2004; Marshall 2004)

Victoria: Gambling Research Panel 2000-2004

- 2000 set up Gambling Research Panel (GRP)
- Brief: to commission and monitor research relating to the social and economic impact of gambling and the causes of problem gambling and strategies to minimise harm from gambling.
- Problem gambling: impact of gambling on individual, family, community
- **GRP abolished** in December 2004 by an Act of Parliament.
- **Replaced** 2004 by a new Ministerial Advisory Committee including members of industry government and community 15 members (industry, community, help services) and research review committee overseen by the Advocate for Responsible Gaming

Research gaps

What Victorians say about gambling and role of government re regulation

Do harm minimisation RG measures work? Ie reduce the problems from gambling

What evidence does government need for a responsible gambling framework?

How can data tracking systems assist research/policy?

Problem gambling is about more than individuals:what are the impacts on family and community?

Focusing on *gambling products* in interaction with players in venues

GRP Research Agenda

■ COMMUNITY

- WA- VIC comparison
- CAPS- regional EGM caps in low SES areas
- **Crime and gambling; cultural patterns/attitudes to gambling**
- **Depression/suicide and gambling**
- Awareness of PG ads.
- **Impact of gambling media images and advertising**
- Community perceptions of gambling-prev. study

VENUE

- Evaluate harm minimisation measures
- **Training for industry staff**

■ PRODUCT

- EGMs technological change and geo-spatial analysis
- Shifts in wagering/racing over a decade

■ INDIVIDUAL GAMBLER

- Best practice in PG services
- **Early identification kit-SAPGS (self identification PG scale)**

- Tracking PGs over time

• RESEARCH TOOLS

- Gambling screens-VGS (CPGI/ SOGS)
- **Loyalty data**

What the research says:

- *Regional caps don't work*-implemented over too long a period and too few machines (406 out of 27,000) over 3 years 2003-05. Focus on using existing machines more intensively
- Local access -most people gamble with in 2-5 km of home
- *Voluntary Self exclusion* -problems with identification of breaches; breaches commonplace; low level of resources
- *Smoking ban*-drop in revenue of 19% but trending up again-no evidence that resulted in PGs gambling less

Research cont.....

- Geospatial analysis: Gambling clustered in areas of high SES disadvantage. Gambling tax described as regressive
- Need better methods to track impacts of gambling
- Questions about regulatory system-what does government collect?

Community Attitudes Survey

(AIGR 2003: N=8,000)

■ What are the problem gamblers' favourite types of gambling?

■ EGMs	84.2%
■ Betting on races/ sporting events	8.8%
■ Table games at Crown Casino	5.1%
■ Other	1.8%

Where do gamblers mostly play EGMs?

■ ■	Pubs or Hotels	42.4%
■ ■	Licensed sports clubs	26.9%
■ ■	RSL clubs	14.0%
■ ■	Crown Casino	12.4%
■ ■	Elsewhere	2.0%
■ ■	Can't say/don't know	2.3%

Community Attitudes

Attitudes and perceptions of gambling in Victoria

<u>Statement</u>	<u>% Agreed</u>
Gambling is a serious social problem in Victoria	85%
Gambling is too widely accessible in Victoria	75.6%
The number of poker machines in Victoria should be reduced	73.6%
There is more gambling in your local community than three years ago	56.4%

Community attitudes

<u>Statement</u>	<u>% Agreed</u>
■ There should be more clubs and hotels without poker machines	90.8%
■ The Victorian Government should reduce the number of poker machines	89.4%
■ ATMs at hotels & casinos should have a withdrawal limit of \$200 a day	87.3%
■ Banknote acceptors should be removed from EGMs	86.8%
■ There should be trained people in gambling venues to offer assistance to gamblers displaying problem behaviour	86.7%

THE NUB OF THE ISSUE

Responsible Gambling has limitations.....

- Gambling is legal, legitimate, recreation with social benefit
- Main RG focus is PG advertising (as prevention) & downstream treatment focus
- Economic focus-optimum efficiency - what about social impact?
- Despite reforms, spend goes up (except for smoking ban-temporary decline of revenue growth)
- Policy focus-individual responsibility
- Underplays the role of *government* in responsible *regulation*
- *NEED a good quality data monitoring system for responsible regulation*
- *NEED a paradigm shift in social policy on gambling?*

Current role of regulation-is limited

- Licensing-venues, persons, operators
- Monitoring 'abnormal' events
- Return to player (89-91%)
- Revenue/tax turnover
- CMS central monitoring system to account for, collect and distribute shared of gambling revenue
- Industry uses CMS data on venue, machine, game, locality, platform) and loyalty tracking data (Crown Casino) for EGM refinement for maximal returns

Government has a conflict of interest

A public health approach

Public health & Consumer Protection

- Gambling & social harms: cost-benefit
- Whole of system focus

Product, individual, community, industry, govt.

Responsible regulation

- Upstream *and* downstream measures
- Protection of consumers from social and economic harms
- Nova Scotia research on machine based RGFs (Schellinck & Schrans 2002; IPART 2003,2004; Dickerson 2003, NSW IPART Inquiry)

Public health and Consumer Protection

Dickerson: *‘The product itself leads to impaired control for regular users in the majority of cases’*

Harm arises from the process of the purchase of continuous forms of gambling for regular players

EGMs are different from other forms of entertainment

Recommends smart card precommitment

-argues P/H is inadequate for conceptualising “impaired control” and consumer protection issues.

Dickerson.....

Ralph Nader (Nova Scotia 2004) highlighted the onus on industry to make products safe

Eg seat belts as accident reduction in motor vehicles

Unsafe products are usually recalled

Query Dickerson

Still focuses on individual responsibility when research shows it is the product that causes impaired control.

It is not just about developing impulse control and self discipline

Need a raft of reforms and 'whole of system approach'

New Public Health

Kickbusch: 3 public health revolutions

Moving from global public goods necessary for the market to global social goods necessary for social progress and social justice.

We need to move ‘from the classic approach to regulating industries that produce ill health to creating products and services that create health’ (2004 Health and Citizenship, p.7)

Incorporating good governance and responsible business practices

We need to move.....

‘from the classic approach to regulating industries that produce ill health, to creating products and services that create health’ (2004 Health and Citizenship, p.7)

Incorporating good governance and responsible business practices

Gambling Research/Policy 3 phases

(not mutually exclusive)

<p>I Individual responsibility Government arms length</p>	<p>Focus on the PG: individual pathology model Early growth of market</p>
<p>II Individual responsibility Industry self regulation</p>	<p>“Public health” Responsible Gambling Harm minimisation (limited) voluntary codes Informed consent Market consolidation</p>
<p>III-sustainable gambling Government re-regulation Real Cost evaluation</p>	<p>Public Health/consumer protection Harm minimisation (extended to The Product);Responsible regulation monitoring Product liability . Corporate social responsibility</p>
<p>In this direction.....</p>	<p><i>Productivity Commission 1999,2002</i> <i>IPART (NSW)</i> Mature market <i>Nova Scotia</i> <i>Norwegian machine reforms</i></p>

What we need to know for responsible regulation

- Need data that is not routinely obtained by the regulator:
- For each venue
 - EGM ID number
 - EGM type of machine (manufacturer) and name of game
 - Denomination (single credit value) of EGM
 - Whether linked to jackpot system (in venue or area wide)
 - Whether fitted with note acceptor
 - Total N of reel spins for each EGM each month
 - Total N of reel spins for each EGM per month
 - Number of credits paid to players for each EGM per month
 - Total number of credits paid to players for each EGM per month
 - Value of \$\$ inserted into each EGM by players per month
 - Value of \$\$ won and retrieved by players from each EGM per month
 - Value of losses from each machine enabling various aggregations

Sleeping dogs for sustainable communities

- Gambling products that are defying responsible regulation
- SMS and sports betting
- Internet gambling
- Globalisation of product and consumption
- Concentration of unsustainable gambling among those who can least afford it

Some Lessons from History

“the landscape has changed”

As said by Jon Kelly in his introduction to this conference.

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