Victorian Gaming Machine Harm Minimisation Measures Review

Clubs Australia Submission
January 2017
About Clubs Australia

Clubs Australia is the national peak industry body representing the interests of Australia’s 6,413 licensed clubs, including in Victoria.

Clubs are not-for-profit community based organisations whose central activity is to provide hospitality and infrastructure for members and the community. Clubs contribute to their local communities, through employment and training, direct cash and in-kind social contributions and through the formation of social capital by mobilising volunteers and providing a diverse and affordable range of services, facilities and goods.

Club members are people from all walks of life, with many different interests. Clubs, as local community organisations are highly responsive in addressing the needs of their members, guests and broader community.

Clubs have an established history as a responsible provider of gambling services to the Australian community. Across Australia, the 2015 KPMG Club Census demonstrated that clubs provide an $8.3 billion dollar economic contribution and a $5 billion dollar social contribution. There are 13.2 million club memberships and 172,000 jobs are supported by clubs. $4.3 billion was paid in salaries, wages and superannuation in 2015 and $2.6 billion was contributed to various Governments through taxation.

Of the 1,430 clubs in Victoria, 239 venues operate gaming machines contributing approximately half of total Victorian club revenue. These figures highlight the integral role gambling plays in sustaining the not-for-profit club model in Victoria.

Clubs account for 20 per cent of the not-for-profit sector’s national revenue, with the community gaming model ensuring that a significant proportion of Australia’s civic and sporting groups are funded.
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<tr>
<td>Act</td>
<td><em>Gambling Regulation Act 2003 (Vic)</em></td>
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<tr>
<td>AML-CTF</td>
<td>Anti-Money Laundering and Counter Terrorism Financing</td>
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<td>ATM</td>
<td>Automatic Teller Machine</td>
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<td>APCA</td>
<td>Australian Payments Clearing Association</td>
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<td>AUSTRAC</td>
<td>Australian Transaction Reports and Analysis Centre</td>
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<td>CPGI</td>
<td>Canadian Problem Gambling Index</td>
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<tr>
<td>DSM IV</td>
<td>Diagnostic and Statistical Manual of Mental Disorders (4th edition)</td>
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<td>EFT</td>
<td>Electronic Funds Transfer</td>
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<td>EFTPOS</td>
<td>Electronic Funds Transfer at Point of Sale</td>
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<td>EGM</td>
<td>Electronic gaming machine (a ‘poker’ machine)</td>
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<td>GTA</td>
<td>Gaming Technologies Association</td>
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<td>MVSE</td>
<td>Multi-Venue Self-Exclusion</td>
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<td>PGSI</td>
<td>Problem Gambling Severity Index, a subset of the CPGI</td>
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<td>RSG</td>
<td>Responsible Service of Gaming</td>
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<td>SEIFA</td>
<td>Social Economic Index for Advantage</td>
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<td>SOGS</td>
<td>South Oaks Gambling Screen</td>
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<td>TAB</td>
<td>Totalisator Agency Board</td>
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<td>VSW</td>
<td>Venue Support Worker</td>
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<td>VCGLR</td>
<td>Victorian Commission for Gambling and Liquor Regulation</td>
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<td>VRGF</td>
<td>Victorian Responsible Gambling Foundation</td>
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EXECUTIVE SUMMARY

Overview

Gambling is an enjoyable recreational pursuit for millions of Australians and when provided through a member-based not-for-profit model, provides significant social and economic benefits to the community in terms of entertainment, employment, taxation revenue and funding for social and sporting infrastructure and community organisations.

The social impact of gambling is overwhelmingly positive even after accounting for the harm experienced by problem gamblers and their families. The Productivity Commission estimated that the net social benefit from gambling in Australia, after accounting for the costs of problem gambling, ranged between $3.7 billion and $11.1 billion in 2008-09.

The Victorian Competition and Efficiency Commission stated that ‘Given the relative size of our industry, Victoria’s share of the net benefit is substantial’.

Clubs generate a significant proportion of the net benefits derived from gambling with over $1 billion in social contribution and economic benefits, including more than $440 million in taxes paid by clubs.

Notwithstanding the positive net benefits of gambling, problem gambling causes significant costs for some individuals, their families, governments and the industry. As a result, there is a consensus among all stakeholders for the need to continue to improve harm minimisation strategies and promote a culture of responsible gambling.

The club sector knows that problem gambling is a complex issue, which afflicts people through different causal pathways, and requires targeted solutions that best address the individual’s own needs. A multifaceted, holistic approach that promotes a culture of responsible gambling and increases the help-seeking rate among problem gamblers is the best way of reducing the social costs of problem gambling.

Research by Sydney University found that problem gamblers often bet at the same intensity as recreational gamblers, but tend to play for longer periods and more frequently and that:

“problems caused by gambling losses result not so much from excessive bet size over shorter periods, but relatively standard bet sizes for longer periods of time in play.”

Clubs Australia welcomes the opportunity to provide feedback to the Victorian Government on its review of harm minimisation for gaming machines and notes the Government’s ongoing commitment to leading in this area. Our feedback is separated into two distinct parts; the first part deals with recommendations for improving the broader harm minimisation policy-making framework in Victoria; the second part addresses the specific issues outlined in the discussion paper.

Following is a brief summary of the main points made in the submission, further detail is available in the main body of the document. Should the Government want more information on any issue, we would be happy to further assist.

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1 Productivity Commission 2010, Gambling, Report no. 50 p.48
3 KPMG National Club Census 2015
Summary of Recommendations

Objectives and evidence base for future harm minimisation policy and research

While there have been significant improvements in public awareness of problem gambling issues, of responsible gambling and in the problem gambling prevalence rate, Clubs Australia has serious concerns that screening instruments used to assess problem gambling prevalence contain a number of conceptual and methodological flaws.

These flaws result in a gross overestimate of the number of people experiencing gambling problems in Victoria. It is a fact that the majority (58%) of Victorians classified as “problem gamblers” report experiencing no problems because of their gambling in the past 12 months\(^4\).

It is extremely concerning that of the 549,000 Victorian adults classified as “at-risk” or problem gamblers, 96 percent report experiencing no problems, not even minor problems, as a result of their gambling.

Clubs Australia is of the opinion that the current estimate of the prevalence of problem gambling in Victoria is not robust. We believe further research is required to generate a robust estimate of the prevalence rate that can be utilised for assessing the impact of problem gambling in Victoria.

Given 99.5% and 96.9% of low-risk and moderate-risk Victorian gamblers report experiencing no problems because of their gambling we are strongly opposed to their inclusion in the target group for harm minimisation.

Greater reductions in harm are likely to be achieved by clearly targeting measures and resources at problem gamblers and conducting further research to create a more robust definition of gamblers who experience gambling problems.

**Recommendation 1:**

*The Victorian Government should:*

- explicitly define the target group for harm minimisation policies as Problem Gamblers (PGSI Score 8+); and
- formally acknowledge that both moderate risk gamblers and low-risk gamblers are recreational gamblers that report practically no gambling problems;
- commit to undertaking further research to properly identify people at-risk of developing a gambling problem; and
- target harm minimisation measures at those who experience harm, without impacting recreational players.

Improvements to harm minimisation measures

Clubs Australia also submits that there should be a more balanced approach between focusing on environmental and individual risk factors for problem gambling.

Victoria is the only jurisdiction in Australia that has conducted comprehensive longitudinal research into the determinants of gambling problems. That research has identified high psychological distress, depression, anxiety, trauma and life events as the strongest determinants of gambling problems. Environmental factors such a household income, EGM spend band and SEIFA indexes had little to no explanatory value for determining the likelihood of gambling problems.

\(^4\) Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation Table 69
The failure to establish correctly the extent to which problem gambling is a causal factor in relation to the adverse impacts undermines the credibility of any estimates of the costs associated with problem gambling. Clubs Australia is of the opinion that further research is required to determine the extent to which the harms experienced by problem gamblers are the result of their gambling behaviour or other comorbid conditions.

According to the most recent Victorian problem gambling prevalence study 1 per cent of Victorian Adults, or approximately 46,000 people, report experiencing serious problems as a result of somebody else’s gambling.\(^5\)

Clubs Australia supports the introduction of measures, such as third-party exclusions and counselling services, to help minimise the harm experienced by affected others.

**Recommendation 2:**

*Government consider the introduction of harm minimisation measures that address the known determinants of gambling problems including individual risk factors of psychological distress, depression, anxiety, trauma and life events.*

**Potential measures for further consideration could include:**

- Venue Chaplaincy Programs
- Family Interventions
- Improved problem gambling screening for mental health patients
- Encouraging early help seeking behaviour; and
- Promoting activities among gamblers that build social capital and connectedness such as joining a sporting or social club.

**Assessment Framework**

Another common flaw is to view gambling expenditure as a proxy for harm. Therefore any measure that reduces gambling expenditure must be successful and any measure that does not is considered a failure. While reducing excessive financial loss by problem gamblers is legitimate harm minimisation strategy, total gaming expenditure should not be used as a proxy for harm.

The most recent Victorian gambling prevalence survey found ‘*For high, medium and low gaming machine expenditure bands… when the low spend band was compared to the high spend band, there were no significant differences in the proportions of low, moderate risk or problem gamblers.*’

Clubs Australia notes that estimates for the proportion of gaming machine expenditure contributed by problem gamblers dominates rationales for highly intrusive harm minimisation measures.

We are concerned that many of these estimates are based on flawed methodologies and unreliable assumptions, such as the Productivity Commission’s approximation that problem gamblers account for a 40 per cent share of total gambling expenditure; a figure that has since been found to be unreliable.

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\(^5\) Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation Table 67 & 68
The Tasmanian Government survey found that problem gamblers account for 13.4% of gaming machine expenditure.\(^6\) Whereas, the ACT Government survey found that problem gamblers accounted for 15.6% of gaming machine expenditure.\(^7\) Both are significantly less than the 40 per cent figures continually bandied about by anti-gambling activists.

**Recommendation 3:**

*Government adopt an assessment framework for all new harm minimisation measures that:*

- ensures measures are targeted, cost-effective and evidence-based;
- requires the development of a *Regulatory Impact Statement* in accordance with the Victorian Government’s Guide to Regulation including:
  - comprehensive stakeholder consultation;
  - clearly stated objectives (e.g. a reduction in the problem gambling prevalence rate by [X] per cent);
  - consideration of other viable options;
  - full cost-benefit analysis that quantifies both the expected costs and benefits;
  - development of an implementation plan (preferably including a trial prior to widespread implementation); and
  - provide a detailed post-implementation evaluation strategy.

**Victorian Responsible Gambling Foundation (VRGF)**

During the Victorian Responsible Gambling Foundation’s tenure the prevalence of problem gambling has not reduced and problem gamblers and moderate risk gamblers are gambling with increased intensity, suggesting an increase in the severity of gambling related harm.

In addition, the number of non-problem and low-risk gamblers has reduced indicating that the VRGF has failed to properly foster a culture of responsible gambling.

These outcomes are in spite of a large annual budget of $38.7 million in 2015-16, which is nearly two and a half times the amount NSW Government spends. However, in NSW there are triple the number of EGMs in five times the venues, with half the problem gambling prevalence rate. Unfortunately in this case, more money does not equate to better results.

Clubs Australia contends that the VRGF lacks the appropriate collaborative approach to improving harm minimisation; this is evidenced by the lack of gaming industry input or expertise on the VRGF Board.

**Recommendation 4:**

*The Victorian Government Review the operation and structure of the Victorian Responsible Gambling Foundation and ensure that there is appropriate levels of industry representation on the Foundation Board.*

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\(^7\) Gambling expenditure in the ACT (2014): by level of problem gambling, type of activity, and socioeconomic and demographic characteristics, ANU, Table 4.4
National Gambling Research Program

There are a multitude of ad hoc gambling research studies conducted throughout Australia. While the majority of studies conducted no doubt have some merit, they often lack scientific rigour and/or impartiality and are not subject to peer review. There are often conflicting findings among research reports making it difficult for decision-makers to discern what evidence is credible.

Recommendation 5:

That the Victorian Government advocate with its inter-state colleagues for a national gambling research program to ensure that all government funded research into gambling is consistent with best practice research standards and has direct relevance to gambling policy.

Summary of Consultation Responses

Cash and payments

- In Clubs Australia’s view, restrictions on access to cash and cash payments are not an effective approach to harm minimisation because they do not address the underlying causes for excessive gambling behaviour.

- The ban on ATMs in Victorian gaming venues from 1 July 2012 did not reduce the problem gambling prevalence rate, but did come at a high cost to the industry. Findings from the most recent Victorian prevalence study show that there were no reductions in the prevalence of problem gambling and that gambling intensity among problem gamblers increased following the ATM ban.\(^8\)

- Meanwhile, the proportion of problem gamblers playing gaming machines over the internet increased from zero to 1 in 6.\(^9\)

- Of the EGM players that report typically accessing EFTPOS during a gambling session only 10 per cent are problem gamblers (90 per cent are not problem gamblers).\(^10\) Clubs Australia does not support additional limits on EFTPOS transactions as there is insufficient credible evidence to support such a change. There are numerous other reasons why patrons may wish to use cash in a club, including meals, drinks, community raffles, sport and entertainment options.

- Clubs Australia supports a change to the cheque limit to $5,000 to enable patrons to more quickly and easily finish play and be paid their winnings instead of continuing to gamble beyond their time and expenditure limits as currently occurs. This would bring Victoria into line with cheque limits in NSW and QLD which have not observed issues arising from higher limits and reduce the potential for money laundering.

- Clubs Australia believes that payments by EFT with a swipe of a debit card should be allowed for those venues who wish to offer this option to their patrons. This is a sensible response to changing consumer payment patterns.

- The introduction of Ticket In, Ticket Out (TITO) and cashless gaming in a cost-effective manner with competition amongst approved equipment providers without additional monitoring, controls, harm minimisation or fees is supported. There is no evidence from other jurisdictions,\(^8\) Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation.\(^9\) Ibid, p. 8\(^10\) Clubs Australia analysis of Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia
including Crown Casino, where TITO or cashless features are currently used that harms are exacerbated, it actually empowers players to take a break therefore minimising potential for harm.

Codes of Conduct

- Clubs Australia notes that venue operators are already liable under the Act and the Code to ensure that suspected problem gambling is appropriately and sensitively addressed. Similarly, the Government’s excellent Venue Support Worker (VSW) program ensures that operational strategies are checked and advice is available about distress and other problem gambling issues.

- Further, the Code’s requirement for clubs to interact regularly with their local Gamblers’ Help counsellors and VSW already ensures that clubs have access to their expertise and training so they can ask questions about signs of distress and they are often provided with the latest research and advice by counsellors at regular meetings.

- As a result, a punitive approach to suspected problem gambling through the Code of Practice is not supported as this is a highly subjective, complex and judgement based interaction.

- Compliance levels in Victorian clubs are generally high and clubs are typically early adopters of new opportunities to promote responsible gambling, so there is no evidence nor a case to support a more prescriptive approach to the Codes, to the Ministerial Direction for codes or to loyalty at this stage.

- Clubs Australia submits that introducing a club chaplaincy program or similar program involving the on-site availability of a third-party support worker and continued promotion of help services is the preferred approach to improving early interventions.

Self-Exclusion

- Clubs Australia supports a single industry operated self-exclusion program in Victoria for the enhanced service and experience able to be provided for those who are self-excluding.

- We suggest that the Victorian Government consider supporting the introduction of the Multi-Venue Self-Exclusion Program (MVSE) which covers half of Australia’s gaming machines, currently serving 1,179 clubs, 1,555 hotels and 246 counsellors registered on a single unified system.
  - The program is currently being considered for introduction or being implemented in other Australian and international jurisdictions.
  - Initial research from the University of Sydney into MVSE has found that “nearly three quarters of problem gamblers say it is helping them to reduce their gambling”.  

- Clubs Australia does not support making staff or venues responsible for failing to enforce self-exclusion. We believe it would be an unfair, punitive measure, due to the difficulty, complexity and administrative burden to prove such a complex offence over which a staff member or venue operator has little control. It would have a detrimental negative impact on venue and staff engagement with self-exclusion with no accompanying reduction in problem gambling prevalence.

- Through the self-exclusion program clubs are really acting to facilitate the wishes of a person who voluntarily asks the club to help them to take a break from gambling to allow them to deal

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with their problem. In a way, it is extending their will-power and self-control by providing a barrier.

- As Professor Blaszczynski and other academic researchers agree, it is a typical feature of problem gambling that people who are trying to regain control of their urge to gamble sometimes fail in their efforts and ‘test’ the system.

- All reasonable steps that can be taken by both the Government and a venue operator to identify those self-excluders who may breach are being taken and already exist under current requirements, including the Code and the self-exclusion program which is mandated by the Act.\(^{(12)}\)

- There are also other significant measures, such as annual reviews and approval of the program by the Victorian Commission for Gambling and Liquor Regulation (VCGLR), in place to ensure all issues are covered, along with best-practice and continuous improvement. As a result, it is unfair and inappropriate in the extreme to create an offence for venue operators which holds them responsible for the actions of another person they do not control, particularly when the current legislation already provides sanctions.

- Further, the Act already makes provision for disciplinary action against a venue operator in the event “that the venue operator has repeatedly breached the venue operator’s self-exclusion program.”\(^{(13)}\) Disciplinary action extends from a fine up to and including the cancellation of the venue operator’s licence\(^{(14)}\) depending on the severity of the offence.

- Clubs Australia submits that technological improvements to system identification processes and making breach detection easier for staff will yield greater harm minimisation outcomes than additional regulatory measures which are inherently unjust and are not likely to assist one problem gambler or increase the rate of help-seeking.

Training

- Clubs Australia welcomes the Government’s recent changes to Responsible Service of Gaming (RSG) training (effective 1 January 2017) which is likely to reduce costs to clubs, particularly regional clubs in training their staff and making it easier to comply with requirements.

- We support and encourage the Victorian Government’s efforts to streamline requirements to achieve better responsible gambling outcomes and suggest that Government collaborate and consult further with industry to uniformly apply Responsible Service of Gaming (RSG) training and licences to all types of gambling.

- Clubs Australia believes that the current training requirements are sufficient, particularly with the support of Venue Support Workers to assist clubs in ongoing training and until the newly revised and updated Responsible Service of Gaming requirements only in effect since 1 January 2017 can be evaluated.

Municipal and Regional Caps

- Victoria is the only Australian jurisdiction which has mandated a geographical based system to regulate the distribution of electronic gaming machines. We understand the original rationale for the caps and limits policy was based on reducing the harms experienced in specific locations. However, as regulatory and best practice measures have developed over time,

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\(^{(12)}\) Gambling Regulation Act 2003, s. 3.4.12  
\(^{(13)}\) Gambling Regulation Act 2003, s. 3.4.25(1)(h)  
\(^{(14)}\) Gambling Regulation Act 2003, s. 3.4.25(1)(a-d)
there are now more effective ways to minimise localised problem gambling, most notably through the high standard imposed by the ‘no net detriment test’ mandated as part of the VCGLR’s assessment of EGM applications.

- Clubs Australia notes that the 2005 evaluation of the Victorian regional cap policy by the South Australian Centre for Economic Studies found that on balance there was no evidence that regional caps had any positive influence on problem gamblers or problem gambling.\(^{15}\)

- Regional caps and municipal limits cannot be adequately considered in isolation from the VCGLR application process for additional EGMs, which is exhaustive and applies a stringent and more appropriate, no net detriment test. Caps and limits are a cumbersome, blanket approach that is not responsive to changes in population, gaming machine expenditure, regional problem gambling prevalence rates or in SEIFA disadvantage.

- There are much simpler ways of ensuring geographic distribution of EGMs to mitigate the risk of harm.

- We note that recent Victorian research findings demonstrate that problem gambling prevalence is not associated with either area of residence or area EGM expenditure. As a result, Clubs Australia believes that there is sufficient evidence to support the removal of municipal and regional caps in favour of the existing robust, case by case, no net detriment test.

- At present, the caps and limits inadvertently impose significant barriers to club mergers and to the financial viability of clubs suffering financial difficulty by preventing reasonable transfer or sale of EGMs between clubs. The suggested approach would ensure the specific issues in an area were being considered on a case by case basis and are reviewed more thoroughly if an area experiences high disadvantage, without the current impact on clubs.

\(^{15}\) Cited in Productivity Commission 2010, Gambling, Report no. 50, Canberra p14.13
INTRODUCTION

ClubsAustralia welcomes the opportunity to provide comment to the Victorian Government’s Review of Gaming Machine Harm Minimisation Measures.

Gambling is an enjoyable recreational pursuit for millions of Australians and when provided through a member-based not-for-profit club model, provides significant social and economic benefits to the community in terms of entertainment, employment, taxation revenue and funding for social and sporting infrastructure and community organisations. However, for a small minority of players, excessive gambling causes harm, for themselves and for their families.

The club industry has worked cooperatively with the Victorian Government for many years to implement harm minimisation policies which have resulted in falling problem gambling prevalence rates; Victoria has among the lowest problem gambling prevalence rates in the world. The club sector has initiated, trialled and led a number of important voluntary industry based improvements to harm minimisation including the development of self exclusion, academic research and chaplaincy programs.

Clubs Australia remains committed to working constructively with all levels of government to find effective ways to further reduce the rate of problem gambling and to encourage responsible gambling behaviour.

The continuing challenge is to identify harm minimisation measures that will target those in need of assistance, without unduly impacting on the legitimate enjoyment of recreational players who experience no problems, and without undermining the financial viability of clubs.

Clubs Australia supports additional reforms to reduce problem gambling that are evidence-based, cost effective and subject to a regulatory impact statement and trial before widespread implementation. It is essential that the Government balance new measures aimed at minimising the harm associated with problem gambling against the significant social and economic benefits to ensure the preservation of the overall positive impact that the gambling industry has on the community.

We hope that the Victorian Government will recognise that collaboration between stakeholders is the best means of minimising harm and fostering a culture of responsible gambling.
GAMBLING IN AUSTRALIA

Gambling in Australia is form of recreational entertainment enjoyed by many millions of people, which also provides significant social and economic benefits to the community in terms of entertainment, employment, taxation revenue and funding for social and sporting infrastructure and community organisations.

The overall social impact of gambling is overwhelmingly positive even after accounting for the harm experienced by a small minority of problem gamblers and their families. The Productivity Commission estimated that the net social benefit from gambling in Australia, after accounting for the costs of problem gambling, ranged between $3.7 billion and $11.1 billion in 2008-09\textsuperscript{16}. In addition, the Commission noted that total tax revenue from gambling was an estimated $6.3 billion per annum\textsuperscript{17} and that the gambling industry provides approximately 200,000 jobs\textsuperscript{18}.

There are erroneous reports that Australians have the highest per capita expenditure on gambling in world\textsuperscript{19}. These reports are not robust because they only account for gambling that occurs through legal, regulated markets. While almost all gambling in Australia occurs through regulated channels, the same cannot be said for many other regions around the world where the majority of gambling still occurs through unregulated gambling markets.

For example, Japan has the world’s largest unregulated slot machine market consisting of 4.5 million Pachinko and Pachislot gaming machines\textsuperscript{20} that generate more than $212 billion in annual profits\textsuperscript{21}. Japanese gambling expenditure per capita on Pachinko and Pachislot machines alone is almost double the amount Australians spend on all forms of gambling combined. This is a situation replicated in many countries across the globe; in fact it was recently reported that Interpol values the illegal betting market in Asia at $500 billion\textsuperscript{22}, a figure greater than the total legal gambling expenditure worldwide ($450 billion\textsuperscript{23}).

Rather than being the world’s biggest gamblers, Australians are among the world’s most studious regulators of gambling activity. As such, nearly all gambling in Australia now occurs through reputable legal markets with high levels of integrity and consumer protection. This is reflected in the fact that Australia is widely considered to be a world leader in responsible gambling and has a relatively low incidence of problem gambling.

\textsuperscript{16} Productivity Commission 2010, Gambling, Report no. 50 p.48
\textsuperscript{17} Ibid p.6.36
\textsuperscript{18} Ibid p.2.14
\textsuperscript{19} Daily Chart: The House Wins, The Economist, 3 February 2014
\textsuperscript{20} World Count of Gaming Machines 2012, Gaming Technologies Association, 2013
\textsuperscript{21} White Paper on Leisure 2011, Japan Productivity Center, 2011
\textsuperscript{22} Illegal betting could top $500b each year, Sydney Morning Herald, 17 September 2013
\textsuperscript{23} Global Gambling Revenues, Global Gaming and Betting Consultants, 2013
PROBLEM GAMBLING

Although the problem gambling prevalence rate is substantially lower than other public health issues such as obesity, smoking, excessive alcohol and illicit drug use, the incidence of problem gambling causes significant costs for individuals, their families, governments and the industry. As a result, there is a consensus among all stakeholders for the need to have in place harm minimisation strategies and to promote a culture of responsible gambling.

Claims that nothing substantial is being done to address problem gambling ignores the numerous responsible gambling strategies in place and strong evidence of their continuing efficacy. The problem gambling prevalence rate in Victoria is among the lowest in the world.

Responsible gambling aims to reduce the incidence of problem gambling and minimise potential social costs and harm associated with problem gambling. The industry has implemented a number of harm minimisation programs to assist problem gamblers, working with the state regulator and other stakeholders.

The industry categorically rejects any assertion that it has an interest in keeping problem gamblers at the machines: players are our members, and it is not in our interests that our members put themselves and their families into financial jeopardy.

This assertion is also premised on a supposed nexus between overall gaming revenue and problem gambling prevalence. In reality, such a nexus does not exist, as demonstrated in the Victorian Longitudinal Gambling Study, which found EGM spend bands had ‘little to no explanatory value’ with respect to problem gambling. This finding was reinforced in the most recent Victorian gambling prevalence study, which found no statistically significant difference in low risk, moderate risk and problem gambling prevalence rates between low spend and high spend areas.

First, clubs’ patrons are their members. Short-term revenue gains from expenditure of a problem gambler will be offset by the eventual loss of the member. Clubs would much prefer to have responsible gamblers who are patrons for life, and who enjoy all aspects of club membership.

Secondly, the negative social consequences of problem gambling result in an increasing use of government regulatory intervention to offset gambling related harms. This regulatory intervention causes both direct and indirect costs to industry.

The direct costs include the provision of harm minimisation strategies such as self-exclusion programs, product restrictions and additional taxation to offset the estimated social costs.

The indirect costs include measures that prevent future industry growth such as caps on the number of gaming machines, restrictions on the advertising and marketing of gaming machines.

Success in significantly reducing the number of problem gamblers in some Australian jurisdictions, has resulted from a focus on preventative measures aimed at people who are considered “at-risk” of developing gambling problem. Clubs Australia is supportive of a preventative approach to harm minimisation. However, we have serious concerns about the robustness of the current definitions of an “at-risk” gambler, which encapsulates almost everyone who gambles on a regular basis. Recent research suggests the risk of developing a gambling problem is more closely correlated with significant psychological distress, mental health problems and external life events rather than regular gambling participation.


Clubs Australia believes that a holistic approach to patron welfare that deals with underlying issues that cause people to gamble excessively is required to properly address the risk of our patrons developing gambling problems. In this regard, the industry is in the process of introducing a chaplaincy program, currently proposed for trial in at least one Victorian Club and other support services.

**Defining a Problem Gambler**

Without first being able to define accurately an issue it is extremely difficult to manage and empirically demonstrate constructive improvements.

A review of the literature reveals that there is no consensus concerning the ideal methods and measures to assess gambling related issues in Victoria and Australia\(^{26}\). Gambling Research Australia defines problem gambling as follows:

*Problem gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community.*\(^{27}\)

We believe problem gambling is a complex mental health issue influenced by a number of psychological, biological and social factors. Problem gamblers and their families typically experience adverse impacts on their health, jobs, finances, emotional state and relationships.

Experts have identified a number of intricate causal pathways that may lead to problem gambling behaviours:\(^{28}\)

- **Faulty Cognitions**

  Faulty cognitions are a major contributor to the development of problem gambling behaviours. Players who hold misconceptions about how gambling products work and the chances of winning are at a higher risk of becoming a problem gambler. For example, many problem gamblers incorrectly believe that gaming machines pay in cycles and that after a long series of losses there is an increased probability of winning a jackpot. This leads to problem gamblers ‘chasing losses’ or remaining at a machine to avoid having another player win ‘their’ jackpot.

  The industry supports education and consumer information that dispels common misconceptions, as a means of addressing faulty cognitions in gamblers. If faulty cognitions are not addressed, other responsible gambling strategies such as pre-commitment are unlikely to be effective, as the gambler may view a pre-commitment limit as restricting his/her ability to win back previous losses.

- **Escaping Comorbidities**

  Problem gambling is also caused by people seeking a dissociative experience to escape from other pre-existing comorbidities such as depression and anxiety. The dissociative experience provided by gambling, often described as being in ‘the zone’, is utilised as a form of self-medication, in much the same way as an alcoholic will use the effects of alcohol in order to escape from underlying mental health issues or life problems. This group of problem gamblers are interested in maximising their time in ‘the zone’ and often gamble until all available funds are exhausted.

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\(^{27}\) Gambling Research Australia, *Problem Gambling and Harm: Towards a National Definition* (2005)

\(^{28}\) A pathways model of problem and pathological gambling (Blaszczynski & Nower 2002)
Without proper treatment of their underlying disorder, there is a significant risk that restricting their gambling behaviour will simply result in transference to other self-destructive coping mechanisms such as alcohol or drug abuse. The preferred harm minimisation strategy for this group is early intervention and counselling to treat both the gambling problem and the underlying comorbidity.

- **Neurological Disorders**

Underlying neurological disorders that cause people to have impulse control difficulties also significantly increases the risk of a person becoming a problem gambler. This group of people usually exhibit a wide range of other behavioural problems independent of their gambling including substance abuse, suicidal tendencies and criminal behaviours. Specialist clinical treatment is required to manage their neurological disorders.

The industry supports providing healthcare professional and community service workers with information and screening tools to assist with the early identification of problem gamblers within their client base as a key strategy for assisting this group of individuals. In certain circumstances, it may be appropriate to provide the healthcare professional or a community service worker, such as a parole officer, with the capacity to issue an involuntary exclusion on behalf of the individual.

### Problem Gambling Prevalence

Clubs Australia notes that while it is important to measure the prevalence of problem gambling to ascertain the successes of government and industry policy in addressing the issue, estimates are inherently unreliable due to the small numbers involved.

Clubs Australia also has serious concerns that the screening instruments used to assess the prevalence for problem gambling contain a number of conceptual and methodological flaws that result in a gross overestimate of the number of people experiencing gambling problems in Victoria. It is a fact that the majority (58%) of Victorians classified as “problem gamblers” report experiencing no problems because of their gambling in the past 12 months.29

Notwithstanding these challenges the Productivity Commission found that problem gambling prevalence rates in Australia have fallen over the last decade.30

By international standards Australia, has a relatively low problem gambling prevalence rates, despite high gambling participation rates. This speaks to the exemplary nature of the existing harm minimisation regime.

### The Problem Gambling Severity Index

Clubs Australia understands that the Problem Gambling Severity Index (PGSI) is currently the most accurate population screen for estimating the prevalence of problem gambling; having greater validity than the previously employed South Oaks Gambling Screen (SOGS). However, serious concerns regarding the validity of PGSI remain, with a review of the PGSI undertaken by the Canadian Interprovincial Gambling Research Consortium identifying a range of criticisms of the screen, including:

- concerns of false positives and false negatives;

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29 Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation Table 69


- the lack of validation for the low-risk and moderate-risk subtypes;
- the variable range of scores for each of the PGSI defined subtypes;
- the limited number of items;
- choice of wording for the Likert response categories;
- absence of weights for items, and;
- low frequency of endorsement for many items.

The results produced by the PGSI in terms of the number of people estimated to experience gambling problems do not accord with the number of people who self-report actually having experienced problems as a result of gambling.

‘False Positives’ and ‘False Negatives’

Correctly diagnosing problem gambling requires the use of proper clinical assessments performed by trained clinicians. The PGSI, and other problem gambling screens, are susceptible to diagnostics errors resulting in the occurrence of a large number of ‘false positives’ (respondents incorrectly identified as problem gamblers) and a small but significant number of ‘false negatives’ (respondents incorrectly identified as non-problem gamblers).

The Productivity Commission acknowledged the risk of problem gambling screens resulting in inflated prevalence rates due to the occurrence of ‘false positives’:

[T]here are significant risks of false positives when using problem gambling screens, such as the CPGI and SOGS, resulting in potentially exaggerated measures of prevalence — a point validly made by Clubs Australia (sub. 164, p. 73). This problem can occur because of the different sizes of the underlying populations affected by misclassification errors. Problem gambling is a relatively rare phenomenon in the total adult population, so that the group of people who truly do not have a problem of that degree is large. If only a small share of the non-problem gambling group — say just 0.3 per cent — are misidentified as problem gamblers, then this can considerably inflate the measured prevalence rate.

The Commission also found that 60 per cent of problem gamblers in counselling said they would have either refused to participate in a problem gambling survey or concealed their gambling problems, resulting in ‘false negatives’.

In 2010 the University of Sydney conducted a study which assessed the validity of PGSI screen results against clinical assessments for problem gambling. The study found that the PGSI (8+) exhibited a ‘false positive’ rate of 0.9% and a ‘false negative’ rate of 47.1%.

Further, a significant empirical study published in the Canadian Journal of Psychiatry confirmed that the number of people identified as problem gamblers using PGSI and SOGS was dominated by ‘false positives’. The study which assessed a total sample of 8,842 adults using PGSI and SOGS subsequently validating the results against clinical interviews found that:

82% of the gamblers initially identified as probable pathological gamblers by the SOGS or the CPGI were not confirmed by a clinical interview.

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32 Ibid
33 Clinical Assessment of Problem Gamblers Identified using the Canadian Problem Gambling Index, University of Sydney, Blaszczynski et al 2010
34 Productivity Commission 2010, Gambling, Report no. 50, p 5.9
35 OpCit, Blaszczynski et al 2010
Clubs Australia is concerned that the rate at which each error occurs coupled with the size of the underlying populations suggests that the overall effect is to inflate the prevalence rate.

This is supported by the fact that percentage of the Victorian adult population that report having experienced any problems as a result of their gambling in past 12 months is 0.45%, whereas the combined “at-risk” and problem gambling prevalence rate is 12.5%. Moreover, only 0.15% of the adult population report experiencing serious gambling problems, whereas the problem gambling prevalence rate is 0.8%.

The difference between the results of the number of people who report experiencing problems as a result of their gambling and the so-called “at-risk” and “problem gamblers” according to the PGSI screen is over 500,000 adults (see table below). It is abundantly clear that the number of false positives recorded by the PGSI is substantial.

Clubs Australia submits that it is extremely concerning that:

**Of the 549,000 Victorian adults classified at “at-risk” or problem gamblers 96 percent report experiencing no problems, not even minor problems, as a result of their gambling.**

While it is clearly in researchers and academics interest to cast a wide a net as possible in terms of the target population in order to ensure access to future funding, Clubs Australia believes that far greater harm minimisation outcomes could be achieved by focusing efforts towards 20,000 people who actually report experience problems with their gambling rather than 550,000 people, 96 percent of which report experiencing no problems at all.

**Table 1: Self-reported Gambling Problems vs PGSI Classifications**

<table>
<thead>
<tr>
<th>Self-reported Gambling Problems</th>
<th>Problem Gambling Severity Index</th>
<th>Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor</td>
<td>% of Adults</td>
<td>No. Adults</td>
</tr>
<tr>
<td>Minor</td>
<td>0.17%</td>
<td>7,464</td>
</tr>
<tr>
<td>Moderate</td>
<td>0.10%</td>
<td>4,390</td>
</tr>
<tr>
<td>Serious</td>
<td>0.15%</td>
<td>6,586</td>
</tr>
<tr>
<td>Undefined</td>
<td>0.03%</td>
<td>1,317</td>
</tr>
<tr>
<td>TOTAL</td>
<td><strong>0.45%</strong></td>
<td><strong>20,196</strong></td>
</tr>
</tbody>
</table>

Source: Study of Gambling and Health in Victoria (Hare, 2015 Tables 69 & 70)

**Prevalence study methodologies**

Clubs Australia also has concerns over the common survey methods used to deploy the PGSI screen in Victoria. Recent research has shown the typical survey methodologies adopted in Victoria tend to result in further inflation of prevalence rates.

For example, applying the PGSI screen to all gamblers rather than regular gamblers, as it is in Victoria, has been shown to artificially increase the problem gambling prevalence rate. This may explain why only 47 per cent of Victorians classified as “problem gamblers” report having experienced any problems associated with their gambling over the past 12 months, and fewer than 20 per cent of so-called “problem gamblers” report experiencing serious problems as a result of their gambling.  

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37 Clubs Australia Analysis of Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation
38 Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation Table 69
Few of the prevalence studies conducted in Victoria comply fully with the best practice guidelines and as a result are likely to overstate the problem gambling prevalence.

In their 2010 investigation of best practices for assessing the prevalence of problem gambling the Canadian Consortium for Gambling Research (CCGR) found that:

*Procedures that appear to produce the most accurate rates are ones that use face-to-face administration; do not specifically introduce or describe the survey as a ‘gambling’ survey; and require a certain minimal amount of gambling frequency (as opposed to expenditure) for problem gambling designation... these procedures produce a prevalence rate that is 32% lower than the standard procedure obtained with telephone interviewing, a ‘gambling survey’ description, and any past year gambling for problem gambling eligibility.*

In summary, Clubs Australia is of the opinion that the current estimate of the prevalence of problem gambling in Victoria is not robust. We believe further research is required to generate a robust estimate of the prevalence rate that can be utilised for assessing the impact of problem gambling in Victoria. Failure to undertake the necessary research to establish a valid measure of the prevalence of problem gambling in Victoria will result, in our view, in unreliable and inflated estimates of its impacts.

‘At-risk’ gamblers

A recent trend in problem gambling research is the concept of a pathological progression of gambling problems (as occurs in physiological medical conditions). This has led some researchers to create the concept of people being ‘at risk’ of becoming problem gamblers, inaccurately believing that gambling problems figure on a continuum and that there is some orderly and inevitable transition between recreational gambling and problem gambling.

In our view, the result has been the arbitrary categorisation of people as ‘at risk’ without evidence that these people are indeed likely to go on to become problem gamblers. Moreover, we are concerned that merging the ‘at risk’ categories, including ‘low’ and ‘moderate risk’ categories with the problem gambler category and labelling the resultant group ‘problem gamblers’ significantly exaggerates the scope of gambling problems.

The improper conceptualization of the target group for harm minimisation measures is hindering the development of cost-effective measures and leading to negative research outcomes such as reduced expenditure among non-problem and low-risk gamblers to be labelled as policy successes rather than failures.

A recent review of the PGSI submitted to the Canadian Interprovincial Problem Gambling Research Consortium made the following remarks with respect to the ‘at risk’ categories in the PGSI:

“There is insufficient evidence to consider the low-risk and moderate-risk PGSI subtypes as distinct groups of gamblers using the present scoring cut-offs. These PGSI subtypes were found to have poor external validity.”

“...the majority of gamblers do not shift PGSI subtype over time”

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40 Evaluation of the removal of ATMs from gaming venues in Victoria, Australia Final Report September 2013
41 Improving the Psychometric Properties of the Problem Gambling Severity Index, Currie et al, Interprovincial Problem Gambling Research Consortium, 2010
42 Ibid
“...combining the moderate risk and problem gambler subtypes and labelling the resultant group ‘problem gamblers’ is not recommended”\textsuperscript{43}

Further, in their review of the CPGI, McCready and Adlaf sort the views of various experts on the concept of “at risk” finding that:

“[there] is less confidence in the soundness of the labels, classifications, and cutpoints which, at worst, are considered unexplained and arbitrary”\textsuperscript{44}

“One investigator suggests that low risk gamblers endorse the low threshold items and wonders if such people even have a problem”\textsuperscript{45}

“Respondents suggested that more research on the sub-types is needed, and that a guide to the analysis of sub-types would be a useful tool in an updated CPGI user manual.”\textsuperscript{46}

Clubs Australia questions the use of so called ‘at risk’ categories given their lack of empirical validation. The longitudinal studies that have examined the progression from ‘at-risk’ problem gambling have demonstrated that the vast majority of ‘at risk’ gamblers do not transition to the problem gambling category. In addition, few of the people classified as ‘at risk’ report having any difficulties with their gambling.

The Victorian Longitudinal Gambling Study, found that probability of becoming a problem gambler was only 9 per cent for moderate risk gamblers and 0.2% for low-risk gamblers.

Moreover the most recent Victorian gambling prevalence study found only 0.46% of low-risk gamblers and 3.13% moderate risk gamblers report experiencing any problems because of their gambling in the past 12-months.

No low-risk gamblers and only 0.05% of moderate risk gamblers reported experiencing serious problems because of their gambling in the past 12-months.

Clubs Australia contends that these figures clearly demonstrate that the inclusion of low-risk and moderate risk gamblers in the target group for harm minimisation is erroneous and results in poorly targeted harm minimisation measures that reduce the efficacy and cost-effectiveness of the overall regime.

Clubs Australia finds it difficult to accept labelling people as having gambling problems, based on behavioural screen, when that same person explicitly reports not having experienced problems as a result of their gambling.

The figures in Table 2 show that only 0.45% of Victorian adults report having experienced any problems from their gambling over the past 12 months, and just 0.15% of Victorian adults report experiencing serious problems as a result of their gambling.

Given 99.5% and 96.9% of low-risk and moderate-risk Victorian gamblers report experiencing no problems because of their gambling we are strongly opposed to their inclusion in the target group for harm minimisation.

ClubsAustralia submits that Government should avoid making policy based on estimates of the number of people classified as “at-risk” of developing a gambling problem according to the PGSI due to the lack of conceptual and empirical validity of the so-called “at-risk” construct.

\textsuperscript{43} Ibid
\textsuperscript{44} Performance and Enhancement of the CPGI, McCready & Adlaf, 2006
\textsuperscript{45} Ibid
\textsuperscript{46} Ibid
Greater reductions in harm are likely to be achieved by clearly targeting measures and resources at problem gamblers and conducting further research to create a more robust definition of gamblers who are at risk of experiencing gambling problems.

Table 2: Harms experienced because of gambler’s own gambling – Results by risk for problem gambling (N=1,866, July-November 2014)

<table>
<thead>
<tr>
<th></th>
<th>Non-Problem</th>
<th>Low Risk</th>
<th>Moderate Risk</th>
<th>Problem Gambler</th>
<th>All Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Problems</td>
<td>100.00%</td>
<td>99.54%</td>
<td>96.87%</td>
<td>58.41%</td>
<td>99.55%</td>
</tr>
<tr>
<td>Minor Problems</td>
<td>0.00%</td>
<td>0.46%</td>
<td>1.52%</td>
<td>11.26%</td>
<td>0.17%</td>
</tr>
<tr>
<td>Moderate Problems</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.54%</td>
<td>11.08%</td>
<td>0.10%</td>
</tr>
<tr>
<td>Serious Problems</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.05%</td>
<td>18.65%</td>
<td>0.15%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>0.00%</td>
<td>0.00%</td>
<td>1.02%</td>
<td>0.60%</td>
<td>0.03%</td>
</tr>
<tr>
<td>Any Problem</td>
<td>0.00%</td>
<td>0.46%</td>
<td>3.13%</td>
<td>41.59%</td>
<td>0.45%</td>
</tr>
</tbody>
</table>

Question 1: In the last 12 months, have you experienced problems because of your gambling? (Base = All Gamblers)  
Question 2: Were the problems? (minor, moderate, serious)  
Source: Study of Gambling and Health in Victoria (Hare, 2015 Tables 69 & 70)

Recommendation 1:

The Victorian Government should:

- explicitly define the target group for harm minimisation policies as Problem Gamblers (PGSI Score 8+);
- formally acknowledge that both moderate risk gamblers and low-risk gamblers are recreational gamblers that report practically no gambling problems; and
- commit to undertaking further research to properly identify people at-risk of developing a gambling problems, and
- target harm minimisation measures at those who experience harm, without impacting recreational players.

Problem Gambling Risk Factors

Clubs Australia also submits that there should be a more balanced approach between focusing on environmental and individual risk factors for problem gambling.

Victoria is the only jurisdiction in Australia that has conducted comprehensive longitudinal research into the determinants of gambling problems. That research has identified high psychological distress, depression, anxiety, trauma and life events as the strongest determinants of gambling problems. Environmental factors such a household income, EGM spend band and SEIFA indexes had little to no explanatory value for determining the likelihood of gambling problems.

Clubs Australia notes that these finding are supported by qualitative research undertaken by Swinburne University, which found that:

*Increases in gambling were often triggered by events or changing circumstances in people’s lives such as job stress and problems at work, loss of employment, boredom, physical pain and illness, depression, having access to more money, death in the family, caring for a sick*
family member, relationship problems, housing and financial stress, moving house, and relationship breakdowns\textsuperscript{47}.

Clubs Australia supports the view that people experiencing significant life events are at the most risk of developing gambling problems, as opposed to recreational gamblers that chose to play on a regular basis. This approach has informed the development of the club industry chaplaincy program in NSW, which is discussed in further detail later in this submission.

Clubs Australia feels that it is remiss that the harm minimisation review currently includes few measures specifically designed to address important individual risk factors; instead it focuses on measures such as further limiting access to cash that have previously shown to have had little to no positive impact on the problem gambling prevalence rate.

Clubs Australia believes that there are a number of harm minimisation measures that warrant consideration by the Victorian Government such as venue chaplaincy programs, family interventions, improved screening for gambling problems among mental health patients, encouraging early help seeking and promoting activities among gamblers that build social capital and connectedness such as joining a sporting or social club.

**Recommendation 2:**

Consider the introduction of harm minimisation measures that address the known determinants of gambling problems including individual risk factors of psychological distress, depression, anxiety, trauma and life events.

**Potential measures for further consideration could include:**

- Venue Chaplaincy Programs
- Family Interventions
- Improved problem gambling screening for mental health patients
- Encouraging early help seeking behaviour; and
- Promoting activities among gamblers that build social capital and connectedness such as joining a sporting or social club.

**Affected Others**

According to the most recent Victorian problem gambling prevalence study 1 per cent of Victorian Adults, or approximately 46,000 people, report experiencing serious problems as a result of somebody else’s gambling.\textsuperscript{48}

Clubs Australia supports the introduction of measures, such as third-party exclusions and counselling services, to help minimise the harm experienced by affected others.

\textsuperscript{47} Gamblers Tell their Stories: Life Patterns of Gambling, Victorian Responsible Gambling Foundation, 2012

\textsuperscript{48} Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation Table 67 & 68
IMPACTS OF PROBLEM GAMBLING

Clubs Australia acknowledges that problem gambling, where it occurs, can have devastating consequences for problem gamblers and their families. However, attempts to quantify the impacts of problem gambling have been met with significant conceptual and empirical challenges. Equally challenging is considering those impacts in the context of the broader social and economic benefits that gambling provides the community.

The 2010 PC Inquiry Report into Gambling estimated that gambling provided Australia with a substantial net social benefit of between $3.7 and $11.1 billion in 2008-09. This comprised of consumer and tax benefits ranging between $12.1 and $15.8 billion offset by costs of problem gambling ranging between $4.7 and $8.4 billion. The estimates demonstrate that the costs of problem gambling have fallen by between $1.5 and $3 billion per annum in real terms since their 1999 report.

There is widespread disagreement among stakeholders about how best to conceptualise and quantify the harms, costs and benefits of gambling. Poor quality data, questionable methodologies and inherently biased assumptions have led to a disparate range of estimates, most of which have little basis in fact.

Spurious definitions of gambling-related harm and inflated estimates of the costs of problem gambling often form the justification for promotion of extreme policy measures such as the prohibition of certain forms of gambling or government imposed restrictions on consumer spending on gambling.

Gambling-related Harm

Clubs Australia submits that many researchers and policy-makers have a tendency to either use spuriously broad definitions of harm or use incorrect proxies for harm, such as gambling expenditure, which can distort the policy-making process.

The use of illegitimate definitions of harms occurred in a recent research report published by the Victorian Responsible Gambling Foundation entitled Assessing Gambling-related Harm in Victoria. The report falsely claimed that over 50 per cent of the gambling-related harm in Victoria was experienced by low-risk gamblers. The study reached this conclusion by utilising a taxonomy of gambling-related harm that was so broad and value-laden that virtually all gambling activity was deemed inherently harmful.

Many of spurious and value-laden definitions of harm in the report included the natural opportunity costs associated with normal consumer spending decisions:

- Reduction or loss of discretionary spending such as non-gambling-related entertainment or other family members’ activities;
- Reduction or loss of capacity to purchase luxury items (e.g., holidays, electronics); and
- Reduced savings.

All of these opportunity costs arise whenever a consumer makes a choice to purchase one product or services over another and to forego savings. For a rational consumer these spending decisions represent increased utility not harm.

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49 Productivity Commission 2010, Gambling, Report no. 50, Canberra p48
Similarly, other definitions of resulted in harms being recorded on the basis of personal choices about the allocation of leisure time such as ‘reduced time attending family or community events’. There are many people who might choose to have a flutter on the poker machines rather than have dinner with the in-laws, this is not necessarily a harmful activity.

The categorisation went even so broad as to define ‘increased time spent sedentary’ as gambling-related harm.\textsuperscript{51} Clubs Australia submits these definitions of gambling-related harm are absurd and representative of extreme bias that does not consider gambling to be legitimate leisure activity.

It is worth noting that only 0.46% of low-risk gamblers report experiencing harm.

Another common flaw is to view gambling expenditure as a proxy for harm. Therefore any measure that reduces gambling expenditure must be successful and any measure that does not is considered a failure. While reducing excessive financial loss by problem gamblers is legitimate harm minimisation strategy, total gaming expenditure should not be used as a proxy for harm.

The most recent Victorian gambling prevalence survey found ‘[F]or high, medium and low gaming machine expenditure bands… when the low spend band was compared to the high spend band, there were no significant differences in the proportions of low, moderate risk or problem gamblers.’

Another example is the removal of ATMs in licensed gaming venues in Victoria. The measure coincided with a seven (7) per cent reduction in gaming machine expenditure\textsuperscript{52}, which was pointed to as evidence of its success in minimising harm. However, the subsequent Victorian gambling prevalence study found no decrease in the prevalence of problem or moderate risk gambling and also that these groups were gambling more intensely than before. In other words, the reduction in gaming expenditure that resulted from the removal of ATMs was not associated with a reduction in harm.

Cost and Benefits

Clubs Australia is of the view that robust estimates of the costs and benefits of gambling are essential for informing the development of proper evidence-based policies on gambling.

However, in order to arrive at a set of robust estimates, the following key challenges need to be addressed\textsuperscript{53}:

1. **Lack of sufficiently robust data**; there is a dearth of reliable information regarding the prevalence of problem gambling and its impact on various socio-economic domains. Because of the relatively small cohort of the population that are problem gamblers, quantification and measurement of the impacts are inherently unreliable. Overcoming this challenge will require new systematic research that fills the large gaps in the evidence base and comprehensively reviews the robustness of existing research.

2. **The issue of causality**; estimates need to account for the degree to which various adverse impacts suffered by problem gamblers can be attributed to their gambling problems as opposed to other factors such as co-morbid disorders.

3. **A framework for the taxonomy and measurement of costs**; consensus needs to be reached over how best to categorise and measure the impacts of problem gambling. This includes

\textsuperscript{51} Ibid p.72
\textsuperscript{52} Evaluation of the removal of ATMs from gaming venues in Victoria, Australia, Final Report, (Thomas, A., Pfeifer, J., Moore, S., Meyer, D., Yap L. and Armstrong, A.) Swinburne University of Technology, September 2013, pp. 14, 17, 105 & 106
\textsuperscript{53} The Socio-Economic Impact of Gambling (SEIG) Framework (Anielski and Braaten 2008)
overcoming disagreements about the definitions of private and social costs and whether or not it is appropriate to attempt to monetise intangible costs.

4. Establishment of a valid counterfactual; it is important that the counterfactual is considered when examining the marginal impacts of problem gambling on various social cost domains. A valid counterfactual also provides policy-makers with information about the extent to which the social costs can reasonably be addressed through policy interventions: that is, there is no valid scenario in which the costs associated with problem gambling are likely to be zero.

In 1999, the PC inquiry into the Australian gambling industries set about to quantify the cost and benefits associated with gambling. The lack of any robust pre-existing frameworks in the area led to the development of an original framework that was widely considered a new benchmark in the reporting of the costs and benefits of gambling.

However, like any research field in its infancy the PC modelling suffered from a lack of reliable data to inform the process, the need to create new and controversial methodologies and a necessity to adopt various assumptions in the absence of any empirical evidence. The Victorian Competition & Efficiency Commission recently produced its own set of cost estimates using PC framework, which it stated were “indicative and inherently imprecise, and as such they should be treated with a high degree of caution, particularly if they are to be used as an input for policy analysis”.

Expenditure by Problem Gamblers

Clubs Australia notes that estimates for the proportion of gaming machine expenditure contributed by problem gamblers dominates many of rationales for highly intrusive harm minimisation measures.

We are concerned that many of these estimates are based on flawed methodologies and unreliable assumptions, such as the Productivity Commission’s approximation that problem gamblers account for a 40 per cent share of total gambling expenditure; a figure that has since been found to be unreliable.

The Productivity Commission estimated that problem gamblers account for on average 41 per cent (22 to 60 per cent) of the total expenditure on poker machines. The Commission found that 95,000 problem gamblers play poker machines with average annual expenditure of $21,000 each. These figures have been widely reported and used to calculate both the social costs of problem gambling and also to justify recommendations for changes to the operation of poker machines in Australia.

However, both KPMG Econtech and the Institute of Public Affairs (IPA) identified serious methodological flaws in the Commission’s methodology for calculating the prevalence rate and expenditure share for problem gamblers. The flaws include using outdated surveys that have been superseded by more recent data and failing to apply statistical weighting to surveys to account for the vast differences in population sizes between the various states and territories. This resulted in the Commission’s estimates of the number of problem gamblers and their share of total poker machine expenditure being grossly inflated. The IPA released a report that addressed the methodological flaws in the Commission’s analysis and found that:

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54 Victorian Competition and Efficiency Commission 2012, Counting the Cost: Inquiry into the Costs of Problem Gambling, final report, December
There are approximately 75,300 problem gamblers in Australia (0.49 per cent of the adult population)\(^{57}\).

Approximately 60,000 problem gamblers play poker machines regularly and contribute between 10 and 20 per cent of total poker machine revenue\(^{58}\).

It is also important to note that the Commission’s findings are inconsistent; 95,000 problem gamblers spending $21,000 p.a. equates to 16.76 per cent of the total expenditure on poker machines and not 41 per cent.

| Table 3: Number of Problem Gamblers, Mean Annual Expenditure and Total Expenditure Share |
|---------------------------------|-----------------|
| No. Problem Gamblers on EGMs\(^{59}\) | 95,000          |
| Average Annual EGM Expenditure per Problem Gambler\(^{60}\) | $21,000         |
| Total Problem Gambler EGM Expenditure | $1.995 billion |
| Total EGM Expenditure\(^{61}\)         | $11.9 billion   |
| Problem Gambler Share of EGM Expenditure | 16.76%         |

More recently both the Tasmanian Government and the Australian Capital Territory Government have conducted research that attempted to specifically address the question of problem gamblers share of EGM expenditure.

The Tasmanian Government survey found that problem gamblers account for 13.4\% of gaming machine expenditure.\(^{62}\) Whereas, the ACT Government survey found that problem gamblers accounted for 15.6\% of gaming machine expenditure.\(^{63}\) Both significantly less than the 40 per cent figures continually bandied about by anti-gambling activists.

‘Normal’ and ‘Excessive’ gambling expenditure

When trying to assess the ‘excessive’ expenditure by problem gamblers, the typical approach has been to consider any level of gambling expenditure above the average expenditure of recreational gamblers as ‘excessive’, harmful and providing no utility.

The recent Victorian Competition & Efficiency Commission inquiry into the cost of problem gambling identified ‘normal’ gambling expenditure as equivalent to an average expenditure of $35 per week or $5 per day. Any gambling expenditure by problem gamblers over $5 per day was defined as excessive, harmful and an economic cost of problem gambling. Clubs Australia is not aware of any other entertainment product where expenditure of more than $5 per day would be regarded as excessive and harmful.

Clubs Australia does not believe that it is possible to calculate a level of ‘normal’ gambling expenditure as this will vary dependent upon individual circumstance. To attempt to quantify the specific point at which expenditure by problem gamblers begins to causes them harm is, in our

\(^{57}\) Ibid p.2  
\(^{58}\) Ibid p.2  
\(^{59}\) Productivity Commission 2010, Gambling, Report no. 50, Canberra (p5.1)  
\(^{60}\) Productivity Commission 2010, Gambling, Report no. 50, Canberra (p5.33)  
\(^{61}\) Productivity Commission 2010, Gambling, Report no. 50, Canberra (p2.1)  
\(^{63}\) Gambling expenditure in the ACT (2014): by level of problem gambling, type of activity, and socioeconomic and demographic characteristics, ANU, Table 4.4
opinion, misguided. Rather, the focus should be upon ensuring that support services, such as self-exclusion, counselling and chaplaincy, are in place to help people to overcome their gambling problems and regain control of their finances.

**Causality, Co-morbidities and Attribution Errors**

Clubs Australia is of the opinion that research to date has failed to establish the proper causal relationships between problem gambling and the various social cost domains. In our opinion, the PC’s approach to causality results in grossly inflated estimates of the costs of problem gambling.

The 1999 PC methodology assumed that 20 per cent of depression and anxiety disorders among problem gamblers were due to pre-existing co-morbidities. The PC based this figure on the subjective opinions of a few problem gambling researchers. However, recent empirical research points to vastly different causal relationship between co-morbid mood disorders and problem gambling (see Box below).

Clubs Australia is also concerned that the results of the self-report surveys that formed the basis of the PC assessments of the harms experienced by problem gamblers are likely to be affected by attribution bias (the tendency to blame internal problems on external factors).

Many of the adverse impacts, such as relationship breakdowns, divorce, criminal behaviour and suicide ideation, are likely to be attributable at least in part to other co-morbid conditions such as substance abuse, depression and anxiety or general life issues. In fact, research suggested that problem gambling is often a symptom of other traumatic life events such divorce and unemployment.

The failure to establish correctly the extent to which problem gambling is a causal factor in relation to the adverse impacts undermines the credibility of any estimates of the costs associated with problem gambling. Clubs Australia is of the opinion that further research is required to determine the extent to which the harms experienced by problem gamblers are the result of their gambling behaviour or other comorbid conditions.

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**Co-morbidities and Problem Gambling**

**US National Comorbidity Replication Survey (2008):**

A large empirical study in the US found that three quarters of all mood and anxiety disorders among pathological gamblers existed prior to the commencement of their destructive gambling behaviour:

*other disorders typically predate the onset of PG [pathological gambling] and predict the subsequent onset and persistence of PG. These associations are especially strong for mood and anxiety disorders....These findings are consistent with evidence that mental disorders tend to precede substance use disorders more generally.... three-fourths of PG cases occur only subsequent to the onset of other DSM-IV disorders*


A study in Canada Ontario, found no causal relationship between problem gambling and mood disorders such as depression and anxiety:

*although concurrent analyses of the association between PG and mood disorder symptoms revealed a modest positive correlation between these types of pathology,*

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65 A pathways model of problem and pathological gambling (Blaszczynski & Nower 2002)
Counterfactual Scenario

Clubs Australia believes that it is important to understand what proportion of the costs of problem gambling policy interventions can reasonably be addressed. It is unlikely that there is any valid counterfactual situation in which the problem gambling rate would be zero. Experience would suggest that even with a complete prohibition on gambling there will always be access to gambling either online or via illegal gambling venues.

When considering an appropriate counterfactual scenario, it is important to note the long history of ‘pokie tour buses’ to New South Wales border towns so Victorians could play gaming machines, prior to EGMs being introduced by the Kirner Government in 1992. EGMs have been available in New South Wales clubs since the 1950s. Consequently, if Victoria had a total ban EGMs it is highly likely that the pokie tours would resume and existing EGM gamblers would move to other types of gambling, such as online, wagering or bingo.

Based on this evidence, it is inconceivable that the Victorian problem gambling prevalence rate will ever be zero, even if EGMs were banned. The unconscious assumption that a zero rate is achievable can dramatically distort policy decisions, costing Government, industry and the community sector alike.

In this situation, establishing a valid counterfactual scenario would allow Government and stakeholders to more accurately understand the impact on the problem gambling prevalence rate that is possible through policy action. A counterfactual would result in better decisions and significant cost savings.
The area of problem gambling that the Government can impact is the difference between the problem gambling rate if there was a total EGM ban (the counterfactual) and the current rate. By doing this type of research and analysis, Government would be better able to establish the real effect of the amount spent on each harm minimisation and problem gambling policy measure per problem gambler.

Clubs Australia believes that a valid counterfactual scenario is a critical part of more accurate understanding of the costs and benefits of gambling to the Victorian Government and to the community upon which better quality decisions can be based.
HARM MINIMISATION MEASURES

Gambling is an enjoyable recreational pursuit for millions of Australians and provides significant social and economic benefits to the community. While the overall social impact of gambling is overwhelming positive, for a small minority of people, excessive gambling causes harm, for themselves and for their families.

The club sector is committed to a policy of minimising the harm associated with problem gambling in a manner that ensures a sustainable and vibrant gaming industry.

Successive Victorian Governments in conjunction with industry have introduced a wide range of preventative harm minimisation measures over the last decade that have contributed to Victoria having one of the lowest problem gambling prevalence rates in the world.

Restrictions on Poker Machine Design Features

The following requirements are part of the Australian Gaming Machine National Standards:

- Minimum return to player percentage
- Maximum bet, prize and cash input limits
- A ban on auto-play
- A ban on misleading display of results (e.g. falsely indicating a player just missed a jackpot)
- A ban on features that give the player an illusion of control over the outcomes
- Prize probability limits
- Limits on payout volatility
- Display of clocks
- A ban on non-linear pay tables
- A limit on the maximum number of free spins
- A ban on depictions of real money (e.g. $50 notes)
- Restrictions on game names and themes
- A ban on player inducement messages (e.g. ‘try again’, ‘have another go’)
- Restrictions on advertising the maximum prize
- Further restrictions on the return to player for multi-denomination games
- A ban on requiring ante-bets to be eligible for jackpots
- Restrictions on button panel layouts
- Limits on ante-bets for feature games
- Restrictions on minimum bet (minimum bet should be 1 credit)

Harm Minimisation and Responsible Conduct of Gambling Regulations

The following represent regulations that are common across Australian jurisdictions (but are not limited to):

- Gambling advertising restrictions or bans
- State-wide caps on the number of poker machines
• Social impact assessments prior to an increase in poker machine numbers
• Restrictions on minors accessing gambling
• Bans on inducements (e.g. free alcohol)
• Bans on credit gambling
• Payment of large prizes via cheque
• Restrictions on the locations of ATMs
• Mandatory shutdown periods
• Restrictions on cash promotions
• Self-exclusion schemes
• Provision of information about problem gambling help services
• Compulsory responsible gambling training for staff
• Clocks on gaming machines
• Signage creating awareness about the risks of excessive gambling and signage encouraging responsible gambling behaviours
• Public awareness campaigns

On top of all of the above measures, Victoria’s harm minimisation regime includes:
• regional caps on gaming machine numbers in areas vulnerable to gambling harm
• municipal limits on EGMs in areas not subject to a regional cap
• restrictions on 24-hour gaming
• requirements for EGMs to inform players about games, such as the odds of winning
• Automatic teller machine (ATMs) ban and Electronic Funds Transfer at Point of Sale (EFTPOS) withdrawal limits
• limits on note acceptors, auto play facilities and spin rates
• maximum bet limits of $5 for EGMs
• a prohibition on gaming machine advertising outside gaming machine areas
• limitations on the display of gaming machine signage
• mandatory Responsible Gambling Codes of Conduct
• bans on moneyless EGMs and the use of earphones
• establishment of the Victorian Responsible Gambling Foundation (VRGF)
• YourPlay, a state-wide networked voluntary pre-commitment scheme
• Venue Support Workers

Harm minimisation seeks to reduce the prevalence of problem gambling in the interests of maintaining local community wellbeing. In order to limit the harms experienced by problem gamblers it is critical that policy deal with the cause, rather than the symptoms. The measure of achievement is not an ideal gambling level or situation, but whether the likelihood of damaging consequences has been reduced by the preventative measures.
Additional preventative measures aimed at minimising the harm experienced by a minority of gaming machine players the Victorian Government should consider as part of a holistic, collaborative and evidence-based approach to minimising harm.

**Best Practice Regulation**

The Victorian Government has an established process in the design of good regulatory practice. A clear principle is that should regulatory action be necessary, a range of feasible policy options needs to be identified, and their benefits and costs, including compliance costs, assessed within an appropriate framework. As a general principle, the level of detail within the analysis should be commensurate with the impact of the proposed regulatory measures and should adequately identify and where appropriate, quantify the major costs and benefits of the proposal. Additionally, only the option that generates the best community benefit should be adopted.

Legislation should entail the minimum necessary regulation to achieve the objectives. When designing measures or standards, regulators should ensure that the potential regulatory burden of alternative measures on the community is identified. Regulatory standards should be developed in a way that minimises the financial impact on governments and the sectors of the community that will be affected by them.

**Regulatory Impact Assessments**

In our view, the first step to improving the harm minimisation regime in Victoria is to adopt a robust assessment framework for the consideration of specific measures. That framework should ensure a targeted, cost-effective and evidence based approach to harm minimisation and responsible gambling measures.

The best way to achieve this is to make sure that proper trials are undertaken prior to widespread implementation in consultation with industry. Furthermore a full Regulatory Impact Statement and cost-benefit analysis must be undertaken in accordance with the Victorian Government’s Guide to Regulation along with appropriate evaluation post-implementation to ensure measures achieve desired outcomes, to avoid unintended consequences and unnecessary costs to industry.

Clubs Australia notes that the Productivity Commission did not undertake a regulatory impact statement for the implementation of any its recommendations. There was no preliminary examination of estimated costs for the implementation of measures, no quantification of the expected reduction in problem gambling, nor any detailed assessment on the likely impact on revenue for industry or government. The Commission did not indicate that its recommendations should be implemented in absence of a regulatory impacts assessment. To the contrary, it was a key recommendation of the Productivity Commission that governments undertake further regulatory impact assessments of all major policy proposals.

**Productivity Commission Recommendation 17.4**

*Given the potential for adverse social impacts and costs to business, governments should routinely undertake regulatory impact assessments for all major regulatory proposals for gambling, and make them publicly available at the time policy decisions are announced.*

**Source:** Productivity Commission 2010, Gambling, Report no. 50, Canberra

**Recommendation 3:**

*Adopt an assessment framework for all new harm minimisation measures that:*

- ensures measures are targeted, cost-effective and evidence-based;
- requires the development of a Regulatory Impact Statement in accordance with the Victorian Government’s Guide to Regulation including:
  o comprehensive stakeholder consultation;
  o clearly stated objectives (e.g. a reduction in the problem gambling prevalence rate by [X] per cent);
  o consideration of other viable options;
  o full cost-benefit analysis that quantifies both the expected costs and benefits;
  o development of an implementation plan (preferably including a trial prior to widespread implementation); and
  o provide a detailed post-implementation evaluation strategy.

Stakeholder Collaboration

When considering new policies to further improve the Victorian harm minimisation and responsible gambling regime, all stakeholders should work together constructively and transparently, and follow best practice guidelines for effective and efficient policy-making.

Clubs Australia believes that a review of the structure and operation of the Victorian Responsible Gambling Foundation (VRGF) is warranted to ensure a greater level of collaboration and involvement from industry.

The VRGF has to date failed to achieve the objectives outlined under section 5 of Victorian Responsible Gambling Foundation Act 2011 being:

(a) to reduce the prevalence of problem gambling and the severity of harm related to gambling; and

(b) to foster responsible gambling.

During VRGF’s tenure the prevalence of problem gambling has not reduced and problem gamblers and moderate risk gamblers are gambling with increased intensity suggesting an increase in the severity of gambling related harm. In addition, the number of non-problem and low-risk gamblers has reduced indicating that the VRGF has failed to properly foster a culture of responsible gambling.

Clubs Australia contends that the VRGF lacks the appropriate collaborative approach to improving harm minimisation; this is evidenced by the lack of gaming industry input or expertise on the VRGF Board.

We submit that the appointment of Directors to the VRGF Board with gaming industry experience would improve the governance, performance and help foster stronger relationships with industry with respect to tackling the issues of problem and responsible gambling.

Moreover Clubs Australia contends that the gaming industry has a legitimate interest in successful development of harm minimisation and responsible gambling measures; these strategies are crucial to maintaining the industry’s social licence to operate. We believe industry involvement on the VRGF Board would not only broaden the perspectives but also accelerate industry cooperation.

**Recommendation 4:**

The Victorian Government Review the operation and structure of the Victorian Responsible Gambling Foundation and ensure that there is appropriate levels of industry representation on the Foundation Board.
Improved Harm minimisation Measures

Clubs Australia submits that there are a range of improvements to existing harm minimisation measures that could be implemented in a cost-effective manner and that are likely to assist in minimising gambling-related harm. A series of the options are outlined in more detail below.

Multi-venue self-exclusion

ClubsNSW’s responsible gambling program ClubSAFE has implemented a multi-venue self-exclusion scheme (MVSE) across all clubs and hotels in NSW. The program allows a problem gambler to exclude from multiple venues in a single application either with venue staff or with a counsellor; details of the applicant are then forwarded electronically to the relevant venues for enforcement purposes. The NSW MVSE has processed over 5,370 self-exclusion events at a current rate of more than 100 new self-exclusions per month.

The University of Sydney is currently conducting longitudinal research aimed at improving the MVSE system, self-exclusion experience and outcomes. More than 1,000 self-excluded persons have consented to participating in research.

Further investigations are occurring into making the system available in other Australian and international jurisdictions as well as the potential for a national multi-venue self-exclusion scheme.

Clubs Australia recognises that the tool of self-exclusion is a simple, yet valuable and effective way to assist people overcoming destructive gambling behaviour, especially during the crucial early stages of recovery. For most people, self-exclusion serves well as an adjunctive measure to counselling.

It’s a difficult and often embarrassing step for a problem gambler to reach out and ask for help. The ClubSAFE approach to self-exclusion recognises the importance of the member club’s role in directly responding to the member with respect and discretion. ClubSAFE supports the member club by providing the tools and guidance necessary to ensure the club representative is confident of delivering this service and the client understands and takes seriously, the arrangement they are entering into.

In addition the ClubSAFE Multi-Venue Self-Exclusion (MVSE) system has been enthusiastically welcomed by the gambling counselling community across NSW. ClubSAFE is proud of the close and collaborative working relationships forged with the counsellors who provide treatment services through more than 40 Responsible Gambling Funded (RGF) counselling services across NSW.

By providing the MVSE system to our gambling counsellors as well as to member clubs and hotels, we offer the problem gambler the choice of self-exclusion at their club-of-choice or at their local RGF counselling service. This is especially valuable given that problem gamblers aren’t always comfortable in returning to a gaming environment to self-exclude.

Providing this system for direct use by the gambling counsellors is just part of a long-term strategy for forging even closer collaborative ties between NSW clubs and the counsellors.

Collaboration with Counselling Services

Counselling is widely regarded as the most effective treatment for people experiencing problems with controlling their gambling behaviour.

We applaud the Government’s ongoing commitment to counselling for problem gamblers through the Gamblers Help program. Many Victorian clubs currently work closely with local counselling services and at least one club is proposing to fund an additional counsellor within the local service
provider to ensure their community has timely access to mental health treatment, including for problem gambling.

ClubsAustralia has always been a strong supporter of counselling as a measure to assist problem gamblers in their recovery and seeks the support of the Victorian Government to build a more collaborative approach between all stakeholders to addressing problem gambling across Australia.

**Club Chaplaincy program**

It is widely recognised that problem gambling is often symptomatic of underlying mental health issues and other life problems. Recent studies show that problem gamblers are more likely to seek help for their comorbid disorders than they are for their gambling problems.\(^\text{67}\) It is therefore important that any program designed to reduce the rate of problem gambling has services oriented towards tackling the underlying issues that are the cause of problem gambling.

Club Chaplains provide holistic care to patrons and visitors in partnership with club staff and management, thus encouraging healthy club community life. Club Chaplains also build a network of services, both internally within Salvation Army network and externally with other local community organisations, to provide referrals that help club members addressing underlying issues of hardship. The Club Chaplain also acts as a person that staff members can ask to check on the wellbeing of patrons and to deliver a level of care and supports that cannot be provided by club staff.

The University of Sydney is currently undertaking research to assess the efficacy of the Club Chaplaincy program in terms of reducing harms within the club environment. The first Victorian club to offer chaplaincy will implement its program during this year and Clubs Australia believes this will be a great opportunity to see the effects locally and it will encourage many other clubs to adopt a chaplaincy program.

**Family interventions**

Problem gambling can have a profound effect not only on the gambler but also on their family particularly where children are involved.

Family members often have a better capacity to observe problems than other parties such as venue staff and therefore are in a good position to intervene before problems progress to a crisis point. Family members should have the capacity to initiate a third party intervention on behalf of a problem gambler. Venues should be required to promote the availability of family interventions both through in-venue advertising and where applicable online through company websites.

From the industry perspective, a tiered approach to family interventions would appear to be the most appropriate implementation. This would involve a role for both venue operators and the Government.

Venues would be obligated to respond to a request for an intervention on behalf of a family member. Recognising at this stage the complaint is merely an allegation that the person has a gambling problem, venues should be required to:

- observe the gambling behaviour of the individual in question
- as appropriate, engage in a respectful conservation with the alleged problem gambler and offer assistance
- maintain the anonymity of the complainant

\(^\text{67}\) Help-seeking and Uptake of Services Amongst People with Gambling Problems in the ACT, ANU 2011
• provide the family member with an information pack outlining their options and advice for supporting the problem gambler’s recovery.

Where the patron denies the assistance offered venue intervention, a second tier process involving a government agency can examine the allegation and where established issues appropriate orders such as involuntary exclusions or mandatory counselling.

**Screening kit for health professionals**

A whole-of-community response to the issue of problem gambling requires the engagement of a range of healthcare and community services to improve the support network available to problem gamblers and those at risk of becoming problem gamblers. The Government should consider the development of a problem gambling awareness and screening kit for distribution to all appropriate healthcare and community service providers to assist with the early identification and treatment of problem gambling:

- ensuring that health professionals and community services have information about problem gambling and referral pathways
- providing a one-item screening test, as part of other mental health diagnostics, for optional use by health professionals and counsellors
- screening should be targeted at high-risk groups, particularly those presenting with anxiety, depression, high drug and alcohol use
- providing dedicated funding to gambling help services to facilitate formal partnerships with mental health, alcohol and drugs, financial and family services
- promote self-help and brief treatment options such as self-help manuals, gambling budget calculators and online counselling, as such interventions can be cost-effective ways of achieving self-recovery of people experiencing problems with gambling

**Responsible gambling messages**

Responsible gambling messages are a ubiquitous feature of existing harm minimisation programs, having successfully contributed to raising consumer awareness about responsible gambling strategies and the risks associated with excessive gambling. ClubsAustralia believes that responsible gambling messages have played an integral role in the overall reduction in problem gambling prevalence trends across the country.

ClubsAustralia supports the improvement of responsible gambling messaging through evidence-based, cost-effective and targeted measures that promote informed choice. However we are concerned that the clutter created by an ever increasing array of signage and messaging within venues reduces the impact and effectiveness of responsible gambling communications.

In our opinion, it is essential that all new responsible gambling messaging initiatives are comprehensively trialled and tested to assess their impact prior to introduction.

ClubsAustralia also advocates for the provision of responsible gambling messages to apply consistently across all forms of gambling and not only poker machines. The information should include at a minimum:

- An explanation of how the game works
- An explanation of the ‘house edge’

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68 Help-seeking and Uptake of Services Amongst People with Gambling Problems in the ACT, ANU 2011
• An explanation of cost of play and volatility
• A correction of common misconceptions

Often, behaviours that lead to problem gambling are symptomatic of a fundamental misunderstanding of how particular forms of gambling operate. Disclosing information about how a product operates, the cost of play and dispelling common myths can promote informed choice and reduce the chances of problematic gambling behaviours such as “chasing losses”.

Community awareness campaigns

Community awareness campaigns are another common feature among government and industry sponsored responsible gambling programs. Typically, the public awareness campaigns run by governments have focused on encouraging problem gamblers to seek treatment through the promotion of the gambling helpline numbers.

ClubsAustralia supports further research that investigates the benefits of community awareness campaigns that have a direct emphasis on prevention through the promotion tips and strategies to assist consumers to gamble responsibly. Research should also examines ways in which community awareness campaigns can harness new media opportunities such as social media to deliver outcomes in a more cost-effective manner.

School-based education campaigns

ClubsAustralia advocates for the development and trialling of a nationally consistent school-based gambling education and awareness program that is integrated into the existing school curricula on personal health and financial literacy.

Youth are at increased risk of developing a gambling problem, a fact that is particularly concerning in light of the easy access to online gambling. Research has found that education programs can be an effective tool in preventing the development of problematic gambling behaviours.

Awareness of the serious risks of excessive gambling coupled with knowledge of the odds associated with various gambling products acts as a protective factor against the development of gambling-related problems69. An international panel of eminent gambling researchers recommended school-based education as a necessary requirement for any responsible gambling program.

The content of the school-based education program could draw from the Productivity Commission 2010 Inquiry into Gambling recommendation 7.170:

• dispel common myths about gambling and educate people about how to gamble safely
• highlight potential future consequences associated with problem gambling, and
• make the community aware of behaviours indicative of problem gambling, to encourage earlier help-seeking or interventions by family and friends.

A trial and evaluation of school-based education programs would help to ensure program effectiveness and protect against the potential for unintended consequences.

Voluntary pre-commitment

YourPlay is Victoria’s Australian-first voluntary pre-commitment program for EGMs that enables players to pre-set limits on their gambling expenditure and receive notification when they reach

70 Productivity Commission 2010 Inquiry into Gambling, Recommendation 7.1
these limits. The effectiveness of voluntary pre-commitment lies in its ability to support patrons in making informed choices about their gambling expenditure.

Clubs Australia’s position has long been to support the cost-effective implementation of venue-based voluntary pre-commitment as a useful tool for encouraging recreational gamblers to set and adhere to limits to improve the management of their gambling expenditure. The industry supports the introduction of voluntary pre-commitment technology through the natural replacement cycle of gaming equipment. In addition, venues should have the flexibility to choose the type of technological solution that best suits their needs.

We believe that due to the very limited research on the effectiveness of pre-commitment measures in minimising harm, it is essential that implementation occur in a cost-effective manner that does not draw resources from other proven strategies or place a significant burden on industry. It is not

Unfortunately, the significant cost borne by venues in implementing YourPlay, a centralised, monitored pre-commitment system was far too high and there was insufficient consultation with the industry on the proposed operation of the system. The overall cost was estimated at nearly $200 million by The Age, while proposals under consideration in other jurisdictions estimate costs of under $10 million, just 5 per cent of Victoria’s reported cost. Clubs Australia believes YourPlay represents a missed opportunity; to collaborate, to muster related academic research and clinical trials in a process to evaluate the most effective path and to spend those substantial resources on other proven strategies as well as voluntary pre-commitment.

Learning these lessons are a key reason for Recommendations 2 and 3 which are designed to facilitate collaborative, evidence-based and cost-effective policy with an objective to reduce the problem gambling prevalence rate further.

Notwithstanding this, now that the program is in operation, clubs are keen to ensure it is as effective as possible and are the only industry group to publicly support the system, seeing it as another tool with the many others that may help to prevent someone developing a problem with gambling.

There is an opportunity to further promote YourPlay when annual player activity statements are sent out to patrons. Help seeking if gambling is no longer fun through counselling could also be promoted to players.

**Further Research**

To address the dearth in quality gambling research Clubs Australia recommends the development of a national gambling research program jointly funded by all state and territory governments. The national research program would be responsible for ensuring that all government funded research into gambling is consistent with best practice research standards and has direct relevance to gambling policy. In addition, each state and territory government should consider establishing their own dedicated gambling research centre to facilitate expeditious research into national and jurisdictionally specific gambling policy issues.

There are a multitude of ad hoc gambling research studies conducted throughout Australia. While the majority of studies conducted no doubt have some merit, they often lack scientific rigour and/or impartiality and are not subject to peer review. There are often conflicting findings among research reports making it difficult for decision-makers to discern what evidence is credible. Moreover, much of the research is aimed at gaining publication in academic journals and lacks relevance to contemporary gambling policy.
Where research has been initiated by governments it has typically involved a protracted process, taking several years to commission and complete the research, further inhibiting the development of evidence based policy.

The industry supports the development of a national gambling research program aimed to ensure that all government funded research into gambling is consistent with best practice research standards, has direct relevance to policy-making and is completed in a timely manner.

While recognising that responsibility to commission research and develop gambling policy remains the responsibility of individual state and territory governments, a coordinated national approach would prevent the duplication of research across jurisdictions and facilitate national surveys and evaluations where appropriate. State and territory governments should consider establishing a gambling research advisory board with responsibility for the development and oversight of the national research program. The advisory board should:

- have representation from both the industry and the state and territory government agencies responsible for regulating gambling
- be responsible for setting the research agenda and establishing funding priorities
- establish guidelines, methodologies and processes for government funded research
- where appropriate coordinate evaluations, surveys and reviews on a national basis
- maintain a nationally consistent data set on gambling and problem gambling
- review the quality and usefulness of research with respect to developing gambling policy
- disseminate concise summaries of research that is both valid and policy relevant to all stakeholders

**Recommendation 5:**

The Victorian Government advocate for a national gambling research program to ensure that all government funded research into gambling is consistent with best practice research standards and has direct relevance to gambling policy.

In addition, each state and territory government should consider establishing a dedicated gambling research centre. The research centres would provide state and territory governments with a means to expedite access to research in order to better inform gambling policy development. The preference for state and territory based research centres reflects the fact that most gambling policy issues are jurisdictionally specific and require the guidance and expertise of the local regulatory agency. A further advantage of having multiple research centres is that it promotes a diversity of expert opinions and provides an excellent source for peer-review.
ELECTRONIC GAMING MACHINES

Gaming Machine Design

There is a view that all poker machine players are vulnerable, and that the government must impose a solution for all individuals that restricts spending to ‘appropriate’ levels. This patronising and elitist approach fails to recognise the millions of Australians who enjoy playing poker machines responsibly as a legitimate leisure activity.

It is unclear why limiting the spend on poker machines, as opposed to other forms of gambling, will effectively reduce problem gambling levels, particularly when spending on online slot machines is on credit, unregulated and often without any maximum bet limit. Targeting poker machines is highly value-laden, reinforcing a presupposition that all poker machine players are socio-economically disadvantaged and therefore must be protected from their own poor spending choices.

By contrast, punters in higher socio-economic brackets bet on more acceptable forms of gambling, such as horse-racing or casino table games, and thus are not targeted for restrictions. No limits per bet are contemplated for other gambling products.

Clubs Australia does not believe a never-ending set of government-imposed restrictions that try to protect these people from themselves is the right solution. Rather, Clubs Australia supports measures designed to empower the consumer to make informed choices about their gambling, such as education programs, cost of play displays, player activity statements, and for those concerned about their gambling behaviour, voluntary pre-commitment and self-exclusion programs.

Government restrictions on poker machine spending are likely to cause problem gamblers to simply transfer their spending to other forms of gambling such as online gambling where no such restrictions apply, and to deter recreational gamblers from playing at all which does nothing to help those who have problems with gambling.

Australian Poker Machines are not 'High Intensity'

One of the most misleading arguments put forward is that poker machines in Australia are ‘high intensity’ machines, where players can spend an average of $1,200 per hour. Clubs Australia strongly disputes this claim.

According to the Gaming Technologies Association, whose members are global suppliers of gaming machines, Australian poker machine are among the least ‘intense’ in the world. Their rate of play and maximum bet limits are lower than almost all of the other seven million gaming machines in operation across the globe. In most jurisdictions outside Australia, bet limits are either unregulated or significantly higher than in Australia (see table 7).

In addition, the majority of gaming machines outside Australia have a feature that allows the player to ‘fast forward’ or interrupt reel spins, meaning bets can be placed every tenth of a second or less.71

The 2010 Productivity Commission Inquiry into Gambling Report hypothesised that playing a poker machine at a $10 maximum and with Return To Player of 90 per cent every 3 seconds for an hour (or 1,200 spins per hour) would result in an average expenditure of $1,200 (i.e.: $10 x 1,200 x 10% = $1,200).

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71 2012 Inquiry into the prevention and treatment of problem gambling, sub 23 p.2
The $1,200 figure is often quoted by the anti-gambling lobby as the primary rationale for the need to replace Australia’s existing poker machines with a new type of machine that limits consumer expenditure to a maximum of $120 per hour. Clubs Australia contends that the Productivity Commission’s hypothesis is based on a number of invalid assumptions about the operation of poker machines that result in a grossly inflated estimate of the average expenditure.

Firstly, it is impossible to play a game every three seconds for an hour uninterrupted. There are forced breaks in play such as free spins, second screen features and game notifications. Players typically need time to comprehend game results and limits on human dexterity prevent players from pressing the button immediately after the previous spin is complete, without delay.

Research that has observed the actual speed of play for poker machine players in real gaming venues found that both recreational gamblers and problem gamblers played at an average speed of 7.5 seconds per spin (extrapolated to 480 spins per hour, when played non-stop).72

Secondly, the majority of poker machines in Australia do not support a maximum bet of $10. In Victoria and the Northern Territory the maximum bet on a poker machine is $5. In NSW, where a $10 maximum bet is permitted, a study by the Centre for International Economics found that over 90 per cent of poker machines in clubs have a maximum bet of $5 or less73.

Table 4: Maximum bet limits in North America

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<thead>
<tr>
<th>Jurisdiction</th>
<th>Maximum Bet</th>
<th>Jurisdiction</th>
<th>Maximum Bet</th>
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<tbody>
<tr>
<td>Illinois</td>
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<td>Iowa</td>
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</tr>
<tr>
<td>Rhode Island</td>
<td>$500</td>
<td>New Brunswick</td>
<td>No Regulated Limit</td>
</tr>
<tr>
<td>New York</td>
<td>$1,000</td>
<td>New Jersey</td>
<td>No Regulated Limit</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$3,000</td>
<td>Nova Scotia</td>
<td>No Regulated Limit</td>
</tr>
<tr>
<td>New Mexico</td>
<td>$3,000</td>
<td>Ohio</td>
<td>No Regulated Limit</td>
</tr>
<tr>
<td>Alberta</td>
<td>No Regulated Limit</td>
<td>Oklahoma</td>
<td>No Regulated Limit</td>
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<tr>
<td>Arkansas</td>
<td>No Regulated Limit</td>
<td>Ontario</td>
<td>No Regulated Limit</td>
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<tr>
<td>California</td>
<td>No Regulated Limit</td>
<td>Oregon</td>
<td>No Regulated Limit</td>
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<tr>
<td>Connecticut</td>
<td>No Regulated Limit</td>
<td>Pennsylvania</td>
<td>No Regulated Limit</td>
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<tr>
<td>Florida</td>
<td>No Regulated Limit</td>
<td>Saskatchewan</td>
<td>No Regulated Limit</td>
</tr>
<tr>
<td>Idaho</td>
<td>No Regulated Limit</td>
<td>U. S. Virgin Islands</td>
<td>No Regulated Limit</td>
</tr>
<tr>
<td>Indiana</td>
<td>No Regulated Limit</td>
<td>Wisconsin</td>
<td>No Regulated Limit</td>
</tr>
</tbody>
</table>

72 The Assessment of the Impact of the Reconfiguration on Electronic Gaming Machines as Harm Minimisation Strategies for Problem Gambling, University of Sydney Gambling Research Unit, 2001 p. 59, Table 5.
73 The impact of three proposed modifications to gaming machines in NSW, Centre for International Economics, 2001
Gambling Intensity and Problem Gambling

The intensity at which a person plays a poker machine typically has little bearing on whether or not they are a problem gambler, as expressed in the Productivity Commission report:

"the major behavioural difference between problem gamblers and recreational gamblers is the duration (and number) of playing sessions, rather than intensity of play." \(^{74}\)

Research by Sydney University found that problem gamblers often bet at the same intensity as recreational gamblers, but tend to play for longer periods and more frequently.

Moreover, KPMG Econtech found that limiting the maximum bet on a poker machines would likely result in problem gamblers prolonging periods of play or transferring to other forms of gambling, such as online poker machines or sports betting, where no such restrictions apply. \(^{75}\)

Clubs Australia notes that 95 per cent of the poker machine players who bet more than $1 per spin are not problem gamblers (see box below). The introduction of a $1 maximum bet limit will primarily affect recreational gamblers and the revenues that they contribute to clubs. As a result, it would deny clubs from the legitimate revenues they generate from higher spending recreational gamblers and have a minimal impact on problem gambling (see section on Impacts of Problem Gambling).

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**Which Poker Machine Players bet more than $1 per spin?**

The Productivity Commission analysed the 2006-07 Queensland prevalence study and found that among poker machine players, 50 per cent of problem gamblers and 12 per cent of recreational gamblers bet more than $1 per spin.

An estimated 5,000,000 adults play poker machines in Australia each year (25 to 30 per cent of the adult population)

- 12 per cent of recreational gamblers bet more than $1 per spin;
- equivalent to around 600,000 individuals

An estimated 60,000 problem gamblers play poker machines in Australia.

- 50 per cent of problem gamblers bet more than $1 per spin
- equivalent to around 30,000 individuals

Therefore, **problem gamblers make up only 5 per cent** of poker machine players who bet more than $1 per spin (approximately 30,000 of 600,000 players).

Sources: Productivity Commission 2010, Gambling, Report no. 50, Canberra Table 11.3; Gambling Away Perspective, Institute of Public Affairs 2011; ClubsNSW analysis

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**$1 maximum bet limit**

There is limited research into the effectiveness of a $1 maximum bet as a harm minimisation strategy. Clubs Australia is aware of only one academic research study into the efficacy of a $1 maximum bet limit in reducing problem gambling. \(^{76}\) A 2001 study conducted by Sydney University

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\(^{74}\) Productivity Commission 2010, Gambling, Report no. 50, Canberra p.11.11

\(^{75}\) Economic Analysis of the Productivity Commission Draft Report on Gambling, KPMG Econtech 2009

\(^{76}\) The Assessment of the Impact of the Reconfiguration on Electronic Gaming Machines as Harm Minimisation Strategies for Problem Gambling, University of Sydney Gambling Research Unit, 2001
and funded by the gaming industry, found that only 7.5 per cent of the problem gamblers bet more than $1 per spin, and therefore, 92.5 per cent of problem gamblers in the study were unaffected by a $1 maximum bet limit.\textsuperscript{77} The study concluded that reducing the maximum bet would be likely to reduce harm only for a small portion of problem gamblers. The authors recommended further research to determine if there are any unintended consequences of a $1 maximum bet, such as transference to other forms of gambling.

“problems caused by gambling losses result not so much from excessive bet size over shorter periods, but relatively standard bet sizes for longer periods of time in play”

-\textit{Sydney University Gambling Research Unit}

“What we need to work out basically is what, if we reduce the maximum bets to $1, the impact is going to be on internet gambling and the shift for people to go to other forms of gambling.”

-\textit{Professor Blaszczynski}


$20 maximum cash input limit

The 2001 Sydney University study that examined the effect of $1 maximum bets also assessed the harm minimisation potential of restricting note acceptors to a maximum $20 denomination. The findings were as follows:

\textit{The present study found no evidence supporting the contention that this modification would effectively reduce gambling behaviour amongst problem gamblers. Therefore, it is considered that this modification would be of limited effectiveness in minimising harm associated with electronic gaming machines but would lead to an overall reduction in revenue to the gaming venues.}\textsuperscript{78}

The study found that despite being ineffective as a harm minimisation measure the modification led to 42 per cent reduction in gaming machine revenue. A similar reduction in revenue occurred in Queensland when the Government introduced a maximum $20 cash input limit on gaming machines, a policy which was reversed within a matter of only four days.\textsuperscript{79} Clubs Australia believes that the consequences of a maximum $20 cash input limit would be to frustrate recreational players and make playing a poker machine more laborious and less appealing while not helping any problem gamblers.

$500 maximum prize limit

The Productivity Commission found that there has been no reliable research into the relationship between jackpots (or large prizes) and problem gambling. Further, it found that jackpots are an attractive feature to many gamblers including recreational gamblers.

\textsuperscript{77} This contradicted the findings of the Queensland Prevalence study (mentioned in box 2); such discrepancies may have resulted from unreliable self-reported data in the Queensland survey. The inconsistency reflects the lack of clear data on the topic.

\textsuperscript{78} \textit{The Assessment of the Impact of the Reconfiguration on Electronic Gaming Machines as Harm Minimisation Strategies for Problem Gambling}, University of Sydney Gambling Research Unit, 2001

\textsuperscript{79} Productivity Commission 2010, \textit{Gambling}, Report no. 50, Canberra p.11.36
Clubs Australia notes that the choice of a $500 prize limit is completely arbitrary; there is no explanation for choosing such a value. The possibility of winning a substantial jackpot is one of the main attractions of all forms of gambling. Reducing the maximum amount of money that a person could win playing a poker machine to $500 would significantly reduce the appeal of poker machines for recreational gamblers, particularly in comparison to the available prize draw of other forms of gambling, including online.

In the absence of research, the impact of a $500 maximum prize on both problem and recreational gambling is unknown; however, Clubs Australia believes that this restriction would completely change the attractiveness of the product and is likely to have severe implications for recreational play.

**Combined limits**

Clubs Australia is not aware of any specific research into the impacts on either problem or recreational gamblers of replacing existing poker machines with new machines that have combined $1 maximum bet, $500 maximum prize and $20 maximum cash input limit. This is a view supported by Australia’s leading gambling researcher Professor Alex Blaszczynski:

> To date, there are no peer-reviewed publications or reports we are aware of that have systematically compared the maximum bet sizes and the prevalence and incidence of problem gambling or gambling related harms... that has controlled for the diversity of competing forms of gambling. The same applies for a systematic study of the effects of varying prize levels on the attraction of, and motivation to participate in, various forms of gambling.  

The UK, with its ‘fruit’ machines, provides some anecdotal evidence as to the possible impact of a machine with low maximum bet and prize limits for problem gambling. The rate of problem gambling in the UK is significantly higher than in most Australian jurisdictions. Moreover, compared to Australian poker machines, UK fruit machines are not as popular but have higher rates of problem gambling among the small group of people that do play them.

Clubs Australia is also concerned that the proposed restrictions on poker machines in clubs may result in problem gamblers shifting to unrestricted forms of gambling, particularly online gambling. Consumers have access to thousands of online gambling websites, the majority of which are unlicensed. Sporting broadcasts on local television and radio stations are saturated with advertisements promoting online gambling that offer all manner of inducements to open an online betting account. A simple Google search for “online pokies” provides a plethora of opportunities to gamble on virtual poker machines with maximum bets in excess of $100 per spin and multi-million dollar jackpots.

Australians already spend in the vicinity of $1 billion per annum with unlicensed online casinos in what is a rapidly increasing trend. In this context, Clubs Australia believes it would be remiss to assume that gamblers, when faced with the proposed restrictions on poker machines in clubs, won’t simply migrate online. Therefore, we question the efficacy of a policy that is likely to move

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80 Inquiry into the Poker Machine Harm Reduction ($1 Bets and Other Measures) Bill 2012, sub.1
81 A digital revolution: Comparison of demographic profiles, attitudes and gambling behavior of Internet and non-Internet gamblers, Gainsbury et al, Computers in Human Behavior (2012)
82 http://www.888games.com/
83 http://www.jackpotgraphs.com/highest-jackpots.html
consumers away from the safe and regulated gambling environment of clubs into the unscrupulous and unregulated domain of online casinos.

**Implementation Issues**

There are serious obstacles to the implementation of $1 maximum bet and $500 maximum prize limits on poker machines. The Productivity Commission noted the following problems:

- many machines would need to be replaced and others retrofitted with new software/hardware;
- there is a limited capacity for re-designing existing games; and
- regulatory approval for new games takes considerable time.\(^5\)

Clubs Australia believes that in the short-term these obstacles are insurmountable without causing significant damage to the clubs industry and the local communities they serve.

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\(^5\) Productivity Commission 2010, *Gambling*, Report no. 50, Canberra p.11.29
RESPONSE TO REVIEW CONSULTATION QUESTIONS

Clubs Australia is supportive of improving the preventative measures to address problem gambling. In our opinion, prevention of the onset of problem gambling behaviours is best achieved through an educative approach that promotes informed choice, encourages players to gamble responsibly and highlights the risks associated with excessive gambling.

When considering new policies to further improve the culture of responsible gambling among all stakeholders, all parties should work together constructively and transparently, and follow best practice guidelines for effective and efficient policy-making.

Best practice regulation processes are well understood, but sometimes overlooked for reasons of political expediency. All stakeholders must resist the temptation to adopt emotionally-driven, reactive silver bullet solutions and pursue a rigorous regulatory impact assessment before adopting and implementing new proposals.

Not all harm minimisation measures are the result of government intervention, and the industry has trialled and initiated many policies to the benefit of its customers and employees. The industry firmly believes that problem gambling is a complex issue, which affects people through different causal pathways, and requires targeted solutions that best address the individual's own needs. A multifaceted, holistic approach that promotes a culture of responsible gambling and increases the help-seeking rate among problem gamblers is the best way of reducing the social costs of problem gambling. This requires a suite of prevention, intervention and treatment measures tailored to respond flexibly to the circumstances of the individual problem gambler.

Importantly, greater community engagement to de-stigmatise gambling addiction and treatment will strengthen the safety net and improve the readiness of family and friends to identify and make an early intervention for those most in need.

Cash and payments in gaming venues

Government policies which seek to limit access to cash address a symptom rather than a cause of problem gambling.

In our view restrictions on access to cash and cash payments is not an effective approach to harm minimisation because it does not address the underlying causes for excessive gambling behaviour. Therefore problem gamblers who still experience strong compulsive urges to gamble are, in our experience, motivated and can easily find ways around such restrictions, for example by bringing large sums of cash to the venue, or switching to unrestricted forms of gambling (e.g. online gambling). As a result the impact of such measures falls disproportionately on recreational gamblers.

For example, the ban on ATMs in Victorian gaming venues from 1 July 2012 did not reduce the problem gambling prevalence rate, but it has come at a high cost to industry. Findings from the most recent Victorian prevalence study show that there were no reductions in prevalence problem gambling and that gambling intensity among problem gamblers increased following the ATM ban.86 The proportion of problem gamblers playing gaming machines over the internet increased from zero to 1 in 6.87

In addition, there have been significant reductions in gaming machine participation among recreational gamblers (non-problem -6% and low risk -12%) and the proportion of recreational

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86 Hare, S. (2015) Study of Gambling and Health in Victoria, Victoria, Australia: Victorian Responsible Gambling Foundation and Victorian Department of Justice and Regulation
87 Ibid, p. 8
gamblers reporting gaming machines as their highest spend gambling activity (non-problem -3% and low-risk -9%).

As result of the ATM ban, EGM revenues were reduced by 7.1% and other venue revenues were also reduced by a similar amount. This equates to a loss of revenue of $191 million in 2012/13 an exceptionally high cost for industry and taxpayers to bear for a measure that had no discernible impact of problem gambling prevalence. Clubs Australia estimates that direct cost to the Victorian Government, in terms of tax revenue foregone was in the vicinity of $60 million.

The opportunity cost of the ATM ban is enormous when you consider that its cost ($191 million) was greater than the entire 2015-16 Victorian Mental Health Community Support Services (MHCSS) annual budget ($130 million). Clubs Australia submits that this highlights the need for all harm minimisation policies to undergo a proper regulatory impact assessment that considers a full range of policy options prior to implementation.

The restriction on cash payments unfairly targets gaming machines, other forms of gambling and regulation, often offered within the same venue are not subject to as restrictive measures as EGMs, such as a $10,000 cash payment limit for the TAB or for AUSTRAC notification. If the Government is of the view that payment restrictions are to be imposed on gambling prizes then these should apply uniformly.

In our view restrictions on access to cash and cash payments are poorly targeted measures that demonstrably lack efficacy in reducing problem gambling, have major impacts on recreational gambling and entail extremely high costs for industry and the Government.

Is the current $200 per EFTPOS transaction limit appropriate? If not, what other regulatory measures would support the objectives of the Act?

Clubs Australia does not support additional limits on EFTPOS transactions as there is insufficient credible evidence to support such a change. There are numerous other reasons why patrons may wish to use cash in a club, including meals, drinks, community raffles, sport and entertainment options.

In many areas where access to banking services is limited, where the patron requires additional security, works outside normal hours or needs assistance, using EFTPOS at the club may be the only access to banking service. For example, at one venue near a train station, patrons enter the club to withdraw funds to pay for train tickets in a safe and secure environment. There are also member clubs who report older patrons using club EFTPOS facilities for their own security who are already restricted by the current $200 maximum limit imposed.

Any further restrictions to EFTPOS transactions in clubs may have unintended consequences for revenues and patron service.

When considering the usage of EFTPOS among problem gamblers (PGSI 8+) and recreational gamblers (PGSI 0-7) it is important to take account of the underlying sizes of the populations to determine the likely impacts (see Table 5 below).

Of the EGM players that report typically accessing EFTPOS during a gambling session only 10 per cent are problem gamblers (90 per cent are not problem gamblers).

Similar analysis by Clubs Australia reveals that 62 per cent of the EGM players accessing over $200 per gambling session through EFTPOS are not problem gamblers.

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88 Ibid pp.79-90
Table 5: EGM player EFTPOS usage rates for various problem gambling risk levels

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>No. EGM Players</th>
<th>Usage Rate</th>
<th>No. EGM Players</th>
<th>% of EGM Players</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Problem</td>
<td>473,579</td>
<td>15.0%</td>
<td>70,895</td>
<td>36%</td>
</tr>
<tr>
<td>Low-Risk</td>
<td>165,981</td>
<td>34.6%</td>
<td>57,396</td>
<td>29%</td>
</tr>
<tr>
<td>Moderate-Risk</td>
<td>71,707</td>
<td>66.4%</td>
<td>47,585</td>
<td>24%</td>
</tr>
<tr>
<td>Problem Gamblers</td>
<td>23,678</td>
<td>85.5%</td>
<td>20,247</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td><strong>196,123</strong></td>
<td></td>
<td></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>


Clubs Australia believes that a more cost-effective approach to harm minimisation is to spend money promoting alternate measures that can help players manage their gambling expenditure including voluntary pre-commitment, self-exclusion and counselling.

Is the current $1,000 threshold for the payment of winnings by cheque appropriate? If not, what should be the limit and why?

Members and guests prefer winnings to be paid in cash as they have used cash to play initially. The limit acts as an encouragement to continue gambling even though player’s time or other boundaries for gambling may have been met. Players just continue to play until their credits are under the cheque limit so their winnings will be paid in cash.

Reports from member venues indicate that some patrons with credits as high as around $3,500 play down their credits to allow them to receive their payment as cash which is preferred to a cheque. The latest payments data from the Reserve Bank of Australia in Table 6 clearly indicates this preference amongst individuals.

Table 6: Number of Cheque Payments

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Average Annual Growth (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>–</td>
</tr>
<tr>
<td>Financial Institution</td>
<td>–</td>
</tr>
<tr>
<td>Personal</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>−5.0</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of Australia

According to the Australian Payments Clearing Association (APCA) “... cheque use has dropped by 70% in Australia over the past ten years and is continuing to drop at a rapid annual rate.” It goes on further to say that:

Today, cheques account for less than 5% of all non-cash payments made by consumers and businesses each day.90

The payment of cheques to patrons visiting from overseas who do not have an Australian bank account is a problem which effectively means the win cannot be accessed until the patron has returned to their home country. In these and many other circumstances, patrons who are unhappy with a cheque as payment for their win are being encouraged by the current $1,000 cheque limit

to use often unscrupulous cheque cashing services who charge exorbitant fees and are regularly reported to set up in club car parks.

A further concerning effect of the current $1,000 cheque limit is that it encourages money laundering at lower amounts. This happens when a patron wins more than $1,000, the person seeking to establish a ‘clean’ and legal source for their cash income approaches the winner to ‘sell the win’ at a lower face value for cash, there and then. The money launderer can then call over the gaming attendant and claim the win and be paid a cheque, thereby legitimising a portion of their illegal cash. Clubs take care to monitor activity like this in line with their responsibilities, however, this opportunity would be dramatically reduced very easily by an increase in the cheque limit.

Cheque payment data from one club indicates that of the 383 cheques issued in November 2016 for gaming machine wins over $1,000, more than 97 per cent would no longer be needed if the cheque limit were to be set at $5,000 as it is in both Queensland and New South Wales. For that month, the club would only have written 11 cheques in total, down from 383 with the current limit. This substantial drop is supported by an even more dramatic reduction at another club who indicated that in December 2016, more than 93 per cent of the 92 cheques written for EGM wins were below a $3,000 threshold.

An increase would dramatically reduce the number of cheques, cut red tape and costs, as cheques are the highest cost payment type for both merchants and financial institutions, as shown by the chart below from the Reserve Bank.\(^\text{91}\)

![Direct Resource Costs Chart](chart.png)

The Reserve Bank has indicated it expects that fees for the use of cheques are likely to increase as their use continues to decline and financial institutions’ costs to process them increase further. Two of the clubs who have reported their costs per cheque indicate a range from $0.70 through to $2.00.

\(^\text{91}\) ibid
Many of the new EGM games that have been approved, such as stand-alone progressive machines or linked jackpot machines, are likely to have more volatile, larger wins which has increased the number of cheques written between $1,000 and $3,000 in clubs. For example, two larger clubs reported writing 108 and 128 cheques per month, while a smaller club estimates it writes more than 40 cheques every month. This range results in each club writing more than 400 up to around 1,500 cheques every year, which could be reduced by more than 90 per cent to 40 cheques each year for a small club through to only 150 cheques a year or around 3 cheques a week for a large club, if the limit were $5,000.

The number of cheques written in Victoria is 8 to 10 times more than NSW, which based on the abovementioned cheque cost reports is a 900 per cent higher cost of cheques in Victoria, simply due to the numbers of cheques needed to pay for wins above the current $1,000 cheque limit.

Whether or not the Government increases the cheque limit, Clubs Australia feels consideration should be given to allowing patrons to take part of their win as a cheque and another part as cash, or indeed other payment method if available. In the case where someone wins $1,200, at present the entire amount must be paid as a cheque which is inconvenient for the patron, especially if their last cash was used to play. Consumers would then have a choice to break the payment of their winnings into different payment methods, just as they can have a payment by cheque for less than $1,000 currently.

As a result, Clubs Australia supports a change to the cheque limit to $5,000 to enable patrons to more quickly and easily finish play and be paid their winnings instead of continuing to gamble beyond their time and expenditure limits. This would reduce the risk of money laundering and bring Victoria into line with cheque limits in NSW and QLD, which have not observed issues arising from higher limits, just a reduction in costs and compliance requirements for both Government and clubs.

Should payment by EFT be permitted in addition to, or as a replacement for, payment by cheque? Are there other payment methods that should be considered for the payment of credits / winnings?

Clubs Australia welcomes the Government’s suggestion of Electronic Funds Transfer (EFT) as a method to pay winnings. As noted above, a dramatic shift is underway in the way Australians are choosing to make payments.

Cash is still used for the vast majority of low value transactions under $20, but there has been a significant decline in the overall use of cash, with the Reserve Bank reporting that “… the proportion of all transactions involving cash falling from 70 per cent in the 2007 survey to 47 per cent in 2013.” 92

Clubs Australia supports the payment of EGM winnings by EFT being allowed in addition to payments by cheque if the venue chooses to offer it. This payment method has been available in NSW for those clubs who chose to offer it with no discernible consequences for problem gambling.

Consideration may need to be given to the current identification requirements for cheque payments and how they would apply in the case of EFT, as well as for gaming reconciliation or issues such as human error. There may also be updates needed for the requirements of AUSTRAC.

Clubs Australia believes that payments by EFT with a swipe of a debit card should be allowed for those venues who wish to offer this option to their patrons and we welcome the Government’s suggestion of this approach.

Should venue operators be able to exchange personal cheques for cash?

Clubs Australia notes that the exchange of personal cheques for cash in venues contravenes club Responsible Gambling Codes of Practice and as a result many member clubs do not offer this service and it is even rarer for it to be requested.

Further, Clubs Australia believes that personal cheques should not be able to be exchanged for cash by venues and agrees with the Government’s suggestion of this sensible change to remove the opportunity for this to be misused.

If cashless gaming and or TITO is introduced, how should they be regulated so that they are consistent with other measures that limit access to cash? What harm minimisation measures should apply?

Clubs Australia supports the introduction of Ticket In, Ticket Out (TITO) and cashless gaming in a cost-effective manner with competition amongst approved equipment providers without additional monitoring, controls, harm minimisation or fees. There is no evidence from other jurisdictions, including Crown Casino, where TITO or cashless features are used that harms are exacerbated, it actually empowers players to take a break from play mid-session and removes cash from the gaming floor, creating less risk of robbery.

Introduction of TITO and cashless gaming options provide greater consumer choice and make it much easier to take a break from play. At present, if a break is needed a player can place a reserved sign on the machine and risk someone stealing their credits, or push collect and wait for a gaming attendant. TITO and cashless gaming would speed up the process of paying wins and allow staff to spend more of their time focussing on service. If staff were not required to go to EGMs to manually assist in the collection of wins they would have more opportunity to interact with players, so that when a winning player wants to complete play, they walk away from the machine and payment is made from a central cashier.

The option for venues to adopt these features does not require additional monitoring and would assist in both minimising harm and reducing the cash and coins from the gaming floor. TITO and cashless features in and of themselves minimise harm by streamlining win payment and logistically encouraging players to take a break by printing out their ticket and getting a meal, taking a comfort break or getting a drink rather than risking placing a ‘reserved’ sign or collecting.

These features have been available in NSW since 2007, at Crown Casino since 2011-12 and in the USA for around 10 years, none of which have had additional harm minimisation or monitoring. Similarly, there has been no negative impact on the problem gambling prevalence rate resulting from these additional consumer choices. Therefore, Clubs Australia strongly encourages the Government to continue its current process and approve equipment, suppliers and specifications for TITO and cashless.

Responsible Gambling Codes of Conduct

Codes of Practice for Responsible Gambling were initially set up by the industry and have been a key driver of best practice and ensuring responsible gambling awareness amongst club leadership, staff and club members. The Codes are displayed to members and visitors, providing a platform for conversations around the responsible conduct of gambling within the club.

Clubs Australia applauds the Government’s focus on continuing improvement to its harm minimisation and responsible gambling policy regime and notes that there are always opportunities to simplify, streamline and update. The annual review process as enhanced by Ministerial Directions provides both clubs and Government with another avenue apart from inspections and Venue
Support Workers not only to ensure clubs’ compliance with requirements, but to report on progress with their ongoing implementation of best practice as new research and information on responsible gambling and harm minimisation becomes available.

Compliance levels in Victorian clubs are generally high and clubs are typically early adopters of new opportunities to promote responsible gambling, so Clubs Australia does not believe there is evidence nor a case to support a more prescriptive approach to the Codes, to the Ministerial Direction for codes or to loyalty at this stage.

**Should the requirement to interact with customers who are showing signs of distress from gambling be part of codes, or should a separate offence be created for venue operators who fail to respond to suspected problem gambling?**

Clubs Australia notes that there is already a requirement for club staff to interact with patrons who show signs of distress within the Codes and via other regulatory requirements. Interaction involves staff approaching patrons displaying the signs of problematic gambling and starting a respectful conversation to enquire about the patron’s welfare and where necessary offering them assistance such as self-exclusion or referral to appropriate help services such as counselling.

Clubs Australia supports staff intervention and we believe that staff interventions create an additional level of safety that is unique to land-based gaming operators and is lacking in the online environment. A punitive approach and introducing further offences against venue operators who are alleged to have failed to respond to suspected problem gambling is not supported as this is a highly subjective, complex and judgement based interaction. The venue operator is already liable under the Act and the Code to ensure that suspected problem gambling is appropriately and sensitively addressed.

Likewise, the Government’s excellent Venue Support Worker (VSW) program ensures that operational strategies are checked and advice is available about distress and other problem gambling issues. Further, the Code’s requirement for clubs to interact regularly with their local Gamblers’ Help counsellors and VSW already ensures that clubs have access to their expertise and training so they can ask questions about signs of distress and they are often provided with the latest research and advice by counsellors at regular meetings.

Clubs Australia submits that introducing a club chaplaincy program or similar program involving the on-site availability of a third-party support worker is the preferred approach to improving early interventions. A chaplain or similar support worker could both assist staff with interventions and also to encourage proactive help seeking by club patrons experiencing levels of psychological distress that may make them vulnerable to engaging in excessive gambling.

**Self-exclusion programs**

The first self-exclusion program in Australia was developed by the club sector in Victoria and was introduced in 1997. Self-exclusion has been proven to be a valuable tool of recovery for those with a gambling problem, especially when used in conjunction with other vital aids such as face-to-face counselling. It operates by self-identified problem gamblers voluntarily surrendering the right to enter the gaming areas of their local venues. This helps them overcome their impulsive urges to gamble.

A two-year study by Macquarie University found more than 70% of participants in self-exclusion reported significant reductions in the money spent on gambling as a result of participating in the
program. A recent study by Hing et al (2015) found that self-exclusion had similar short-term harm reduction effects to counselling.

Industry engagement is critical to the success of self-exclusion, particularly in early intervention, detecting breaches and promoting treatment so punitive measures are not supported, nor are they justified given the ongoing industry led continuous improvement to the program, here and in other jurisdictions.

**Are self-exclusion programs best administered by the industry or by another body?**

Clubs Australia submits that industry is best placed to administer self-exclusion as strong engagement with venues and their staff is critical to effective implementation of the service. Changing the body who administers self-exclusion will simply add additional cost and complexity to systems that have been successfully run by the industry for nearly 20 years.

In our view there is currently no evidence from Victoria or inter-state that indicates there are issues with the current industry-led arrangements. In fact, it is most likely the program is more engaging for clubs precisely because it is industry operated.

**Should there be one self-exclusion program in Victoria?**

Clubs Australia supports a single self-exclusion program in Victoria for the enhanced service and experience that would be able to be provided for those who are self-excluding. The current arrangement requires continual update of two lists and separate administration. A single program would streamline the administration thereby improving the overall system, which benefits self-excluders, Government oversight of the system and venues.

**How could self-exclusion programs be improved?**

To improve self-exclusion, the Victorian Government should consider supporting introduction of the NSW Multi-Venue Self-Exclusion Program (MVSE) which currently covers half of Australia’s gaming machines. The system currently serves 1,179 clubs, 1,555 hotels and 246 counsellors registered on a single unified industry-owned and operated system. The program is currently being considered for introduction or being implemented in other Australian and international jurisdictions.

In particular, the MVSE system incorporates the world’s most comprehensive research study on self-exclusion being undertaken by the University of Sydney. The results of this research will inform evidence-based, continuous improvement to the program. Specialised gambling researchers and counsellors helped to develop the MVSE program and they are embedded into how it operates so that the help-seeking rate amongst self-identified problem gamblers can be increased.

The involvement of gambling counsellors in MVSE has dramatically improved relationships and cooperation between venues and counsellors, which has in turn resulted in better quality service and information being provided to those experiencing problems with gambling.

Efforts are being focussed on identifying problem gamblers at an earlier stage. Connecting them with MVSE as a gateway to formal treatment during self-exclusion may represent a significant opportunity to minimise harm. The initial research from the University of Sydney into multi venue

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94 Hing, N, Russell, A, Tolchard, B & Nuske, E 2015, ‘Are there distinctive outcomes from self-exclusion? An exploratory study comparing gamblers who have self-excluded, received counselling, or both,’ *International Journal of Mental Health Addiction*, online 24 April 2015
self-exclusion has found that “nearly three quarters of problem gamblers say it is helping them to reduce their gambling”.

**Table 7: Aspects improved by MVSE (at least moderately)**

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced gambling</td>
<td>74%</td>
</tr>
<tr>
<td>Improved financial situation</td>
<td>74%</td>
</tr>
<tr>
<td>Greater control over gambling</td>
<td>72%</td>
</tr>
<tr>
<td>Reduced negative emotions</td>
<td>70%</td>
</tr>
<tr>
<td>Improved relationships</td>
<td>70%</td>
</tr>
<tr>
<td>Reduced gambling urges</td>
<td>63%</td>
</tr>
</tbody>
</table>

In a recent article for ClubLife magazine, Professor Blaszczynski indicated some of the areas of MVSE that will need vigilance and improvement:

Several barriers to joining MVSE were identified, such as not being ready to stop gambling (57%), wanting to recover losses (49%), and being too embarrassed (46%). Strategies like the ClubSAFE campaign with NRL personality Nathan Hindmarsh to de-stigmatise problem gambling, are useful to reduce barriers and encourage more participation in MVSE.

... 42% of participants reported not feeling comfortable about starting, which is likely linked to privacy concerns and embarrassment. This highlights the importance of maintaining a safe and convenient registration process and to repeatedly reassure potential self-excluders of their confidentiality.

Other options to improve self-exclusion are to ensure consumers can easily find out about it and to enrol. Strong linkages between self-exclusion program facilitators and other gambling counselling providers are critical to capitalise on the opportunity to promote treatment to those with problems.

A single self-exclusion program such as MVSE across Victoria would improve service to those seeking help, especially in border areas with New South Wales or for those travelling interstate on holidays or for work who could extend their self exclusion through its venue geo-location system.

Apart from the world leading research, embedded counsellors and automated reporting, MVSE allows people to self-exclude from other forms of gambling within the same program.

*Is the annual review useful or are there other ways to report on program trends and compliance?*

Clubs Australia supports the annual review process under the current system as it is useful to evaluate system operations regularly and provides opportunities to improve. It is a good process for club staff and also promotes customer engagement, highlighting that clubs take their commitment to responsible gambling seriously. Based on feedback from member club staff,

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96 ibid
97 ibid
unfortunately those patrons who participate in the annual reviews are generally not those who exhibit signs of problem gambling.

However, if the multi-venue self-exclusion program were to be adopted, greater oversight ability and improved venue compliance and reporting would be available to Government. This is achieved through access to a state-wide dashboard and associated activity reports along with the ability to subscribe to particular e-mail notifications.

**Should there be a separate offence for venue operators who knowingly allow self-excluded persons to enter or remain in the venue?**

Clubs Australia does not support punitive measures, due to the difficulty, complexity and administrative burden to prove such a complex offence which a staff member or club has no control over and also given the detrimental negative impact such an offence would have on venue and staff engagement with self-exclusion. We note that there are existing powers under the Act which provide avenues to deal with self-exclusion and a range of other issues should a situation suggested by this question arise.

Through the self-exclusion program clubs are really acting to facilitate the wishes of a person who voluntarily asks the club to help them to take a break from gambling to allow them to deal with their problem. In a way, it is extending their will-power and self-control by providing a barrier. A person’s issue with gambling can often mean they breach their commitment to stay out of the gaming room or venue.

Professor Blaszczynski’s study of MVSE looked at this issue which is critical to the success and efforts to continually improve the program:

- Participants were asked about their gambling behaviour since entering the MVSE program. The slight majority (63%) had gambled at different venues, while a lesser portion (38%) had gambled at a venue nominated in their self-exclusion agreement on average seven times.

- In terms of their reasons for breaching self-exclusion, 62% were trying to alleviate negative feelings (e.g., sadness, anxiety), though several also didn’t believe that they would be caught (39%). Self-excluders who did not breach suggested that worry of being removed from the venue was the main factor stopping them (53%).

- A considerable portion also indicated that increased self-control had stopped them from committing a breach (40%).

As Professor Blaszczynski and other academic researchers agree, it is a typical feature of problem gambling that people who are trying to regain control of their urge to gamble sometimes fail in their efforts and ‘test’ the system, often breaching and either being identified or going on the gamble.

All reasonable steps that can be taken by both the Government and a venue operator to identify those self-excluders who may breach are being taken and already exist under current requirements, including the Code and the self-exclusion program which is mandated by the Act. There are also significant other measures, such as annual reviews and approval of the program by the VCGLR, in now place to ensure all issues are covered, along with best-practice and continuous improvement.

As a result, it is unfair and inappropriate in the extreme to create an offence for venue operators which holds them responsible for the actions of another person over whom they have little control, particularly when the current legislation already provides sanctions.

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98 ibid
99 *Gambling Regulation Act 2003*, s. 3.4.12
Further, the Act already makes provision for disciplinary action against a venue operator in the event “that the venue operator has repeatedly breached the venue operator’s self-exclusion program.” Disciplinary action extends from a fine up to and including the cancellation of the venue operator’s licence depending on the severity of the offence.

The self-exclusion system relies on staff members’ goodwill, strong staff engagement with patrons and excellent memory aids to identify self-excluded patrons seeking to breach their self-exclusion commitment in order to gamble.

Professor Blaszczynski’s research has also highlighted that:

Deterrence and detection of breaches is a critical element of self-exclusion programs, failure of which can seriously undermine their efficacy. The findings from this study showed that 65% of gamblers who entered a nominated venue were detected on average 2.5 times. This means that for every four breaches approximately one was detected, which is comparatively less than findings of other self-exclusion studies. Directing resources toward improving the sensitivity and reliability of current detection systems will likely benefit both the rates of signup as well as the outcomes for those who are self-excluded.

To create this type of unfair offence not under the control of the club or its staff as part of a voluntary, industry instituted program would cause a great deal of angst and mistrust, causing staff engagement to drop. This type of unreasonable, punitive measure has the potential to reduce the number of breaches identified, which is a substantial increase in harm to those people who have self-identified as problem gamblers.

It is critical that venues are empowered under this program and engage fully in its implementation collaboratively with regulators, venue support workers, specialist counsellors to ensure that the best and most sensitive intervention is provided to patrons in support of formal treatment rather than making it another punitive, unproven compliance measure.

Technological improvements to the system identification processes and making breach detection easier for staff will yield greater harm minimisation outcomes than additional regulatory measures which are not likely to assist one problem gambler or increase the rate of help-seeking.

Training

It is important to recognise that problem gambling is an issue which often incorporates significant psychological distress and that requires the type of intervention that can only be offered in person by an experienced staff member. Such strategies require senior staff to have knowledge both of the indicators of problem gambling and appropriate strategies for responding to potential problematic behaviours in a manner that minimises the risk of exacerbating the problem or eliciting a negative response from the patron.

Club staff involved in the delivery of gambling services in Victoria are required to undergo compulsory responsible gambling training. The training courses are regularly reviewed to ensure that their content reflects best practice responsible gambling procedures. A feature of the majority of current training courses is to provide venue staff with a range of commonly agreed indicators of problem gambling, to help them identify potentially problematic player behaviours.

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100 Gambling Regulation Act 2003, s. 3.4.25(1)(h)
101 Gambling Regulation Act 2003, s. 3.4.25(1)(a-d)
103 Identifying Problem Gamblers in Gambling Venues: Final Report, Gambling Research Australia
Clubs Australia welcomes the Government’s recent changes to Responsible Service of Gaming (RSG) training (effective 1 January 2017) which is likely to reduce costs to clubs, particularly regional clubs in training their staff and making it easier to comply with requirements. We note the new training involves an online component and face-to-face training in-venue with the local Venue Support Worker (VSW). The ability to undertake the majority of the required training locally will mean many staff members may not have to travel at all to complete their training which saves expenses and staff downtime.

We support and encourage the Victorian Government’s efforts to streamline requirements to achieve better responsible gambling outcomes and suggest that Government collaborate and consult further with industry to uniformly apply Responsible Service of Gaming (RSG) training and licences to all types of gambling.

Streamlining will free up staff time to focus on engaging with patrons and promoting responsible gambling rather than spending their time complying with the various requirements for the different types of gambling, such as the TAB. National accreditation of the Victoria’s RSG training and licence, along with the Responsible Service of Alcohol (RSA) would assist Victorian clubs in attracting staff in the high-turnover, competitive hospitality sector and allow our staff to work across the country.

An extra layer of complexity is added by the Anti-Money Laundering and Counter Terrorism Finance (AML-CTF) requirements, which are different to EGM and TAB requirements. Clubs are keen supporters of harm minimisation and responsible gambling and we are keen to work closely with Government to achieve better outcomes – earlier intervention, greater help-seeking and lower problem gambling prevalence rates.

**Should a new requirement to undertake advanced responsible service of gaming training be introduced?**

Clubs Australia welcomes and supports the Government’s focus on training to support in-venue harm minimisation measures. We believe that the current training requirements are sufficient, particularly with the newly revised and updated Responsible Service of Gaming requirements which came into operation on 1 January 2017 and with the integration of Venue Support Workers into clubs to assist in ongoing training support.

In general, greater education and training is supported, however, an appropriate cost benefit analysis is critical to make sure it is effective. Codes of Practice for Responsible Gambling require each club to appoint a Responsible Gambling Officer who is typically experienced and well trained in the latest developments in harm minimisation and responsible gambling.

No new advanced training should be required until there is an evidence base to indicate that this additional training would have a positive impact on reducing the harms experienced by problem gamblers and the new Responsible Service of Gaming training requirements have been evaluated.

**If so, who should be required to complete the advanced training and what content should the training include?**

If advanced training were to be required, Clubs Australia submits it should be applied only following detailed consultation with academics, industry, clinicians and training service providers. Collaboration is critical to ensure that the training is both operationally and clinically effective. The cost impact to venues and a long transition period must be incorporated should a proposal for advanced training be pursued by Government.
**Who should be responsible for the development and provision of the advanced training?**

Advanced training and world leading practice has been developed by the club sector, academics, counsellors and its industry partners in the past.

Clubs Australia believes that any new advanced training would need to have the benefit of the evaluation of the new Responsible Service of Gaming training requirements along with input from academic and clinical perspectives as well as the industry and training sector to ensure it is cost-effective and fit for purpose.

**Municipal and Regional Caps**

**Do you think regional caps and municipal limits should be maintained? Why?**

Victoria is the only Australian jurisdiction which has mandated a geographical based system to regulate the distribution of electronic gaming machines. We understand the original rationale for the caps and limits policy was based on reducing the harms experienced in specific locations. However, as regulatory and best practice measures have developed over time, there are now more effective ways to minimise localised problem gambling, most notably through the high standard imposed by the ‘no net detriment test’ mandated as part of the VCGLR’s assessment of EGM applications.

Clubs Australia notes that the 2005 evaluation of the Victorian regional cap policy by the South Australian Centre for Economic Studies found that on balance there was no evidence that regional caps had any positive influence on problem gamblers or problem gambling.\(^{104}\)

We note that recent Victorian research findings demonstrate that problem gambling prevalence is not associated with either area of residence or area EGM expenditure:

> “Area of residence: These variables had little explanatory value. Therefore there was no evidence to support an association between where people live and gambling problems.”\(^{105}\)

> “For reference, results for high, medium and low gaming machine expenditure bands... When the low spend band was compared to the high spend band, there were no significant differences in the proportions of low, moderate risk or problem gamblers.”\(^{106}\)

As a result, Clubs Australia believes that there is sufficient evidence to support the removal municipal and regional caps.

The regional caps and municipal limits are theoretically set at a ratio of no more than 10 EGMs per 1,000 adults. This was designed to reflect the levels of gaming machine expenditure and social disadvantage as published by SEIFA at the time of determination, most recently in September 2012. Currently the average ratio of EGMs across the state is between 5 and 6 EGMs per 1000 adults.

Regional caps and municipal limits cannot be adequately considered in isolation from the VCGLR application process for additional EGMs, which is exhaustive and applies a stringent and more appropriate, no net detriment test. The application process incorporates venue and locality specific statistics and expert reports, and if appealed, can cost up to $500,000 for a single applicant. Caps and limits are a cumbersome, blanket approach that is not responsive to changes

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in population, gaming machine expenditure, regional problem gambling prevalence rates or in SEIFA disadvantage.

There are much simpler ways of ensuring geographic distribution of EGMs to mitigate the risk of harm in vulnerable communities. An extension of the application process to incorporate the ratio of no more than 10 EGMs per 1,000 adults, and the addition of a municipal classification based on its SEIFA disadvantage is one option to simplify, improve regulatory control and responsiveness.

At present, the caps and limits impose significant barriers to club mergers and the financial viability of clubs suffering financial difficulty by preventing reasonable transfer or sale of EGMs between clubs. The suggested approach would ensure the specific issues in an area were being considered on a case by case basis and are reviewed more thoroughly if an area experiences high disadvantage, without the current impact on clubs.

**Should regional caps be extended beyond the existing capped areas and if so, why?**

Most areas of the state not covered by regional caps are already subject to municipal limits, apart from the City of Melbourne CBD, Docklands and Southbank. Given that the majority of the State is currently covered and the similarity of regional caps and municipal limits there does not seem to be any evidence to support an extension.

**Are the current regional cap and municipal limit levels appropriate?**

As indicated above, Clubs Australia notes that the current levels are nearly half of the 10 EGMs per 1,000 adult ratio set by Government, they are outdated given population growth, changes in gaming machine revenues and disadvantage levels. Clubs Australia is unaware of any evidence base to support their continued operation and there is no suggestion that they reduce problem gambling prevalence or enhance responsible gambling by consumers.
### Appendix 1 Gambling Benefits and Costs Comparison 1997-98 to 2008-09

<table>
<thead>
<tr>
<th></th>
<th>1997-98 (nominal) $ mil</th>
<th>1997-98 (real) $ mil</th>
<th>2008-09 $ mil</th>
<th>Real Change $ mil</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High Elasticity</td>
<td>Low Elasticity</td>
<td>High Elasticity</td>
<td>Low Elasticity</td>
</tr>
<tr>
<td><strong>All Gambling</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>8,772</td>
<td>7,057</td>
<td>12,107</td>
<td>9,740</td>
</tr>
<tr>
<td>Social Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- High</td>
<td>8,282</td>
<td>8,278</td>
<td>11,431</td>
<td>11,425</td>
</tr>
<tr>
<td>- Low</td>
<td>4,496</td>
<td>4,492</td>
<td>6,205</td>
<td>6,200</td>
</tr>
<tr>
<td>Net Social Benefit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- High</td>
<td>4,276</td>
<td>2,565</td>
<td>5,902</td>
<td>3,540</td>
</tr>
<tr>
<td>- Low</td>
<td>490</td>
<td>-1,221</td>
<td>676</td>
<td>-1,685</td>
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<tr>
<td><strong>EGM Gambling</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>4,652</td>
<td>3,773</td>
<td>6,421</td>
<td>5,207</td>
</tr>
<tr>
<td>Social Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- High</td>
<td>6,405</td>
<td>6,402</td>
<td>8,840</td>
<td>8,836</td>
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<tr>
<td>- Low</td>
<td>3,524</td>
<td>3,521</td>
<td>4,864</td>
<td>4,860</td>
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<tr>
<td>Net Social Benefit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- High</td>
<td>1,128</td>
<td>252</td>
<td>1,557</td>
<td>348</td>
</tr>
<tr>
<td>- Low</td>
<td>-1,753</td>
<td>-2,629</td>
<td>-2,419</td>
<td>-3,629</td>
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</tbody>
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107 Productivity Commission 2010, Gambling, Report no. 50, Canberra (p2.18, Table 2.7)