

**SUBMISSION TO THE COMMUNITY AFFAIRS COMMITTEE  
AUSTRALIAN SENATE**

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**RE: Poker Machine Harm Reduction Tax (Administration Bill) 2008**

This Bill addresses a means of administering and financing a reduction in the number of poker machines (EGMs) in Australia. Underpinning the Bill is a recognition of the harms currently caused by EGMs in Australia as they are currently configured; the unlikely prospect of state-government initiated reforms that would protect consumers (due to a reluctance and conflict of interest by state governments reliant on gambling tax revenues); and the need for Commonwealth intervention.

With appropriate amendments, the Bill has the capacity (1) to reduce the accessibility and harmful impacts of EGM gambling on the community at a national level and (2) to establish host responsibility and CSR as part of the license to operate.

The Bill addresses the problems created and now widely recognised from the proliferation of machines in easily accessible clubs and hotels, in particular, in the states of Victoria, South Australia, Queensland, Tasmania and New South Wales and it focuses on EGMs due to the harm they are now recognised as causing; with impact in particular, on disadvantaged communities. With appropriate amendments, it could also address the need to impose CSR obligations on operators including casinos and the destination gambling venues envisaged by the Bill.

With financial hardship exacerbated due to interest rate and petrol increases, there is a need for Commonwealth intervention to protect vulnerable Australians from the harms caused by EGMs and to impose CSR and host responsibility obligations on venues and licensees/operators in a re-configured destination gambling industry.

This submission covers the following:

- (1) The Research evidence supporting the Bill**
- (2) The need for a national approach**
- (3) The justification for Commonwealth intervention**
- (4) The need to amend details regarding the Trust**

## (1) Research evidence supporting the Bill

Research on the harms of Gambling and EGMs reinforces the preferability of destination gambling over suburbanised local access.

There is now a substantial evidence base to establish:

- The population prevalence rate of problem gambling (over the whole population) indicates that a significant number of Australians each year become problem gamblers or are at risk of becoming problem gamblers (see Productivity Commission 1999; Banks 2002, ANU 2004).
- EGMs are concentrated in areas of socio-economic disadvantage (See for example: Australian Institute of Primary Care 2006, Doughney 2006, 2007; May-Chantal et al 2008)
- Localised access is an issue and harm is exacerbated by the 'suburbanisation' of EGMs in local clubs and hotels (eg Productivity Commission 1999; Banks 2002; Doughney 2006, 2007)
- The **harms** associated with EGM gambling put it along side tobacco and alcohol in terms of the need for special laws and regulations and for CSR obligations on providers. Some of the externalities of gambling (those often unforeseen and longer term negative costs or effects) are acknowledged in the funding of gambler's help counselling and other 'ambulance at the bottom of the cliff' treatment and support services for those impacted by problem gambling (Blaszczynski and Farrell 1996; IPPR in the UK 2007<sup>1</sup>; Productivity Commission 1999; SACES 2005; Stitt et al. 2001; Thompson et al. 1996).
- The harmful impacts on communities are now well recognised even if governments have not systematically collected impact statistics. The Canadian SEIG project has developing a framework for measuring the social and economic impacts of gambling in Canada (Manitoba Gaming Control Commission 2007); and the comparative Western Australia-Victoria scoping community impact study funded by the Victorian Gambling Research Panel (SACES 2005) compared the impact on communities in Victoria and WA (which restricts EGMs to the Burswood casino) (See Doughney 2006, 2007 and Australian Institute for Primary Care 2006).
- Research confirms that regular gamblers contribute approximately 92 percent of poker machine revenue (Schellinck and Schrans 2003), and

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<sup>1</sup> Some of the 'downside' impacts related to community impact listed by IPPR (2007, 1) include 'increased problem gambling, mixed employment effects, displacement of existing businesses and spending, and damage to a city's image'; the other studies cited above examine impacts including financial problems, family breakdown, suicide, crime, health system costs, work performance and so on.

that people cycle in and out of problem and at risk behaviour. Doughney clearly establishes that 80 percent of revenue (gamblers' losses) derives from 20 percent of poker machine users (Doughney 2005, p. 4).

- The gaming industry has had knowledge of gambling behaviours and patterns of play of problem players that has only recently come to light. A leaked Tattersall's document with data on a card-based loyalty membership scheme tested across 13 venues in 2002 based on internal industry data s reported by Doughney (2005, p. 4)

1. Tattersall's regards members of its trial scheme as a reasonable approximation of poker machine users in general (Tattersall's 2002, p. 42). The data thus let us make informed judgements about poker machine activity in general.

2. Tattersall's make it plain that it is fearful about regulations that might force it to reveal such internal data to the public (2002, p. 7).

3. The 'advantage' scheme explicitly targets already 'high turnover' or heavier users. It does this by offering 'rewards' designed to keep them at the machines longer (2002, p. 45).

4. The report designates women as main the target market, because about two-thirds of revenue comes from women. Therefore, it says, 'promotions should generally not be based on the preferences of male customers' (2002, p. 26).

5. Users are mainly in the older age groups, especially in the high loss 46-55 cohort (2002, p. 43). Daytime users lose an equal, if not greater amount, than do night-time users (2002, p. 44). This fits with the female and older user profile, but it undermines the image that 'a harmless night out at the pokies' is the main source of the industry's revenue.

Most significantly the document stated: '[W]e derive enormous value' – 57 per cent of total revenue – 'from a very small group of customers', namely the 15 per cent who lose '\$100 plus per visit'. Moreover 'those 34% of members who spend [i.e. lose] greater than \$50 per visit contribute over 82% of value'. It also revealed that the 15 per cent spends an average of 153 minutes 'playtime' per visit, visits more than once per month and visits more than one venue (2002, p. 45). That is, approximately 60 per cent of total losses derive from 15 per cent of users who lose more than \$100 each two hours and 33 minutes at the machines. These, of course, are heavy users by any standard (Doughney 2005 p. 4).

- Australian and international research also confirms the Productivity Commission (1999) finding that 42.3% of net gaming machine revenue comes from gambling by problem gamblers and that, since every problem gambler affects an estimated 5-10 other people, there is significant community impact.

- Adverse community impacts of gambling are now well recognised and documented in terms of crime, family break up, financial ruin and bankruptcy, suicide and self harm (Australian Institute of Primary Care 2006, Doughney 2006, 2007; SACES 2005)
- There is still significant community opposition to gambling. For example, the Gambling Research Panel 2003 Community Attitudes Survey (ANU 2004) found;
  - 85% of Victorians agreed that 'Gambling is a serious social problem in Victoria';
  - 76% agreed that 'Gambling is too widely accessible in Victoria';
  - 4% agreed that 'The number of poker machines in Victoria should be reduced';
  - 91% agreed 'There should be more clubs and hotels without poker machines'; and
  - 87% agreed 'Banknote acceptors should be removed from EGMs'
- Loss of control over expenditure and time spent gambling results in EGM-related harms. Evidence shows that 85-90% of regular EGM gamblers experience loss of control during play, indicating that gambling-related harm is currently grossly under-estimated (Dickerson 2004). This highlights the need for the public policy agenda to consider product safety and consumer protection measures; especially in the light of evidence of lack of product safety by researchers such as Livingston and Wooley (Australian Institute of Primary Care 2006).
- Concerns about product safety and consumer protection need to be addressed from a Commonwealth perspective. Gaming is conducted in a very different context today than a decade ago. Technological changes have substantially changed gaming products, indicating the need for more interventionist regulation on product safety and consumer protection (Falkiner 2007; Australian Institute of Primary Care 2006, Banks 2002; Doughney 2006, 2007; SACES 2005).
- In support of a national approach to issues of EGM product safety and consumer protection, a recent study conducted for the South Australian Independent Gambling Authority (IGA) focused on the characteristics of EGM machines in interaction with players and the potential for consumer protection product safety measures to reduce problem gambling.

Relevant primary structural characteristics include the core technology of the EGM, the reinforcement schedule which determines the number and scale of prizes and conditions players to game operation, as well as the configuration of line betting, credit value, the reel symbol ratio, fitment of bank note acceptors and spin speed. Secondary characteristics include artwork and lighting and sound effects. The complex interrelationships between these structural characteristics produce interactive effects that shape gambling behaviour, including the production of harm as measured by problem gambling segments. Available research demonstrates that material change will lead to transformation of gambling behaviour....

The literature confirms that well-targeted material change would reduce the potential for excessive gambling. The literature also highlights that reduction in excessive gambling is a potentially vital strategy in minimising harm and reducing problem gambling levels.

The literature also suggests that well-targeted material change could achieve these goals without diminishing the enjoyment or amenity of non-problem gamblers.

a). Measures that would likely minimise harm to problem gamblers include:

1. Modification of reinforcement schedules
2. Reduction in maximum bet to \$1 per spin
3. Continuation of the prohibition on the installation of bank note acceptors to EGMs (in the case of South Australia); or elimination or modification of BNAs, in the latter case to limit the value of bank notes that may be accepted to a maximum of \$100 in denominations of not more than \$20 (in jurisdictions where applicable)
4. Reducing spin rate to 5 seconds or more between spins

b). Measures that would likely reduce the potential for excessive gambling include:

1. Modification of reinforcement schedules
2. Elimination or reduction of the near-miss effect
3. Reduction in maximum bet
4. Reducing spin rate
5. Reduction in maximum number of lines available for wagering
6. Modification of 'free games' features to limit both the number of 'free spins' and the multiple by which payouts are increased during the operation of features (speculative, based on present research) (Livingston and Wooley 2008 pp, 7-8).

Pointing to the need for regulatory intervention on the types of games offered and the need for consumer protection given the links between certain products (games) and higher rates of player losses, the researchers found:

Among the 'top 250' EGM games operated in South Australia in 2004-05 and 2005-06, four games stand out as the 'highest' performing EGM games. These games were Shogun, Shogun 2, Indian Dreaming and Dolphin Treasure. Shogun and Shogun 2 are exclusively one dollar credit value games, whereas Indian Dreaming and Dolphin Treasure are predominantly one or two cent credit value. ...

These four games most prominent amongst the 'top 250' all generated net gaming revenue (NGR) well in excess of statewide averages. In the case of Shogun 2, NGR per annum in 2005-06 was \$263,501, compared to a statewide average of \$59,618 for all EGM games. Indian Dreaming and Dolphin Treasure games in the

'top 250' cluster averaged NGR of just under \$200,000, and Shogun games, \$221,857 (Livingston and Wolley, 2008, p. 9).

...

The performance of EGM games in two local government areas of South Australia (Port Lincoln and Salisbury) was analysed, suggesting that the distinct EGM densities (i.e., the number of EGMs per 1,000 adults) is likely to influence the NGR per EGM and per adult, a conclusion which has been reached in more detailed LGA based studies of other jurisdictions (see AIPC 2006) and indeed in South Australia (Delfabbro 2002, pp.116-7) (Livingston and Wooley 2008, p. 10).

There is a prima facie argument that EGM games which generate high NGR do so because they are disproportionately utilised by problem gamblers. To the extent that growth in levels of consumption is correlated to increased utilisation by problem or at-risk gamblers, then there is a likelihood of exacerbation of gambling-derived harm (Livingston and Wooley 2008, p. 10).

The success of the four games identified as the best performed in the SA market is largely due to their incorporation of the fundamental EGM characteristics, particularly random forms of reinforcement, designed to extend TOD and REVPAC (Livingston and Wooley 2008, p. 15).

The authors conclude:

The potential production of harm in contemporary commercial EGM gambling markets is virtually unlimited due to 'high' parameter value settings within the governing system (as specified by the technical standards and relevant appendices which set out such values for Australian and New Zealand jurisdictions), and to structural characteristics, both of which facilitate an experience well in excess of that required to satisfy 'consumer demand' for cheap and safe amusement. The production of harm is manifested in the toll on gamblers who transition from non-problem gambler status to high risk segments. This process takes time, but the capacity for harm pre-exists, embedded in the tendency of EGM technology to push toward extended gambling sessions and increased expenditures and the setting of parameter values at levels that may exacerbate harm. The structural characteristics highlighted in this Report thus undoubtedly contribute to the risk that this transition will be made. The production of harm represents the exploitation of those gamblers who lack the necessary personal, financial or social resources to avoid the transition from non-problem or low-risk gambling to problem gambling. The number of problem gambler participants in this project whose current counselling or treatment relationship was not their first confirms an unhappy fact, that once the transition to problem gambling is made it is frequently very difficult for individuals to backtrack (Livingston and Wooley 2008, p. 19).

- The gambling industry has had access to commercial information that has enabled it to position and test products in high yield markets with little regard for adverse community impacts or harm reduction interventions. Those outside the industry have been in a position of information asymmetry with regard to venue-based data on gambling losses that could then be related to localised detrimental community impacts. Some of the most disadvantaged areas in Australia according to the SEIFA index are also those with the highest per capita gambling losses (Australian Institute of Primary Care 2006).

The Victorian LGA of the City of Greater Dandenong is a case in point, as one of the most disadvantaged areas in Australia on the SEIFA and other indexes. In the second example, three other Victorian LGAs, one urban disadvantaged (Hume), and two from disadvantaged rural communities: La Trobe and the city of Greater Bendigo illustrate the extent of gambling losses since the roll-out of localised gaming machines in 1992/3 and the current high per capita expenditures; which continue unabated.

### **Case Study: Victoria**

#### **(1) Dandenong**

'In Victoria, the Gaming Machine Control Act permitting the introduction of electronic gambling machines (EGMs), was proclaimed in 1991, and in June 1992 the first gambling machines commenced operation. In the succeeding nine years, the number of gambling machines in Victoria increased to nearly 30,000, while in Greater Dandenong their number rose to a peak of 1,184 in 2000, before declining to its present level of 1,078. In the meantime, EGM gambling losses reached \$110 million by June 2007.

In 2006/2007, \$110 million was lost to electronic gambling machines in the 16 gaming venues throughout Greater Dandenong - a sum equivalent to \$1,093 per adult in this city, and representing the second highest rate of EGM gambling losses per adult in Victoria (outside the CBD).

It is notable that the least affluent localities generally experience the highest gambling losses. In 2006/2007, EGM gambling losses in Boroondara - the wealthiest locality in Victoria - stood at \$151 per adult. In contrast, losses in City of Greater Dandenong - the least affluent locality in metropolitan Melbourne - were seven times higher, at \$1,093 per adult. Thus the residents of a community with one of the highest levels of gaming losses are also among the least able to bear such financial losses.

Where gambling losses are considered in terms of average weekly income in the localities where they are incurred, this disparity becomes even more stark. Average gambling losses per adult in Boroondara were the equivalent of just over one working day's

income for the average resident of that city, while losses in Greater Dandenong were equivalent to the income earned in nearly sixteen days by the average resident.

According to calculations by Melbourne economist Dr James Doughney, based upon research by the Victorian Casino and Gaming Authority and estimates provided by the gambling industry, 80% of gambling losses are borne by approximately 8% of the adult population. In Greater Dandenong this would mean that, while most residents are not markedly affected by gambling losses, just over 8,000 residents experience average EGM gambling losses of approximately \$9,900 per year.’  
(<http://www.greaterdandenong.com/Documents.asp?ID=1225&Title=Gambling+>)

## (2) Victorian LGA’s: Hume, La Trobe (Valley) and the City of Greater Bendigo

Table 2: EGM gambling impact in selected disadvantaged areas

	Hume City	La Trobe city	Greater Bendigo city
Venues: 2007	14	13	9
EGMs: 2007	803	593	502
EGMs per 1000 Adults: 2006/2007	7.3	11.1	6.7
EGM Gaming Losses 2006/2007	\$98.1m	\$45.9m	\$43.5m
Losses per Adult 2006/2007	\$887	\$861	\$581
Cumulative Losses since 1992/3 (2007 dollars)	\$995m	\$618m	\$521m
Cumulative Losses per Adult since 1992/3 (2007 dollars)	\$8,998	\$11,598	\$6,966
% Change in Losses in year 2006/2007	3.7%	4.9%	1.9%
% Change in Losses - adjusted for Inflation	1.7%	2.9%	-0.1%

Source: Gambling Indicators for Local Areas Victoria: Data set available from:  
<http://www.greaterdandenong.com/Documents.asp?ID=1225&Title=Gambling+>

All three areas feature high on both disadvantage indexes (SEIFA) and on EGM revenue.

The cumulative losses to gambling in these areas since 1992/3 is astounding: \$995m in Hume, \$618m in the La Trobe Valley and \$521m in Bendigo. These funds come out of vulnerable communities and flow into the pockets of the operators Tatts, Tabcorp, hotel owners, clubs, the broader gambling industry and the Victorian government which relies on gambling losses for a substantial proportion of state revenue (12.4%).

The average losses per adult in 2007 (\$887 in Hume, \$861 in La Trobe and \$581 in Bendigo) are in themselves reprehensible and conceal the magnitude of losses of individual problem gamblers and the unmeasured impact on families, children and the community. Between them these three areas have over 500 EGM machines. Each machine in Hume earns \$117,000 per year (with those in Bendigo earning about \$87,000 and in La Trobe \$70,000). Clearly these revenue figures establish the flows of funds out of vulnerable and disadvantaged communities and the need for intervention to redirect leisure and recreational opportunities in ways which build community cohesion and reward enterprise.

**The strong and consistent message on the community impact of EGMS from community advocates, local governments and researchers is that the social and economic impact of EGMs is now reaching crisis levels and there is need for Commonwealth intervention in terms of consumer protection and product safety and a roll-back on EGM gambling.**

**(2) The need for a national approach**

The Bill focuses on a national approach and invokes the Corporations powers under the Constitution to levy a tax on venue operators.

Of the approximate 200,000 EGMs in Australia, NSW has approximately half, Queensland 23%, Victoria 15%, South Australia 7%, the ACT 23%, Tasmania 2% and Western Australia and Northern Territory less than 2%. Even in states with smaller numbers of EGMs, community advocates identify problems with EGMs, localized access and community impact.

As shown in table 1, State governments have become increasingly reliant on gaming machine revenue (player losses) for substantial proportions of their revenue; with South Australia relying on gambling taxation (player losses) for 12.5% of its revenue; Victoria for 12.34%; Queensland for 9.45 and New South Wales for 9.1% according to 2008/09 budget papers for those states.

**Table 1: Taxation Revenue: State reliance on gambling and EGM losses (State Generated Revenue) 2007-08**

	Queensland \$ million *	South Australia ** \$ million Budget	New South Wales *** \$ million	Victoria **** 2008-9 est \$ million
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<b>Gambling</b>				
- EGM tax	535	295	623 (clubs) 438 (hotels)	1,025
- Health Services Levy	39			
- Lotteries taxes	202	76	293	354.8
- Wagering/racing taxes	37	11 (SA TAB)	160	129.4
- Casino taxes and levies <sup>5</sup>	58	22	94	135.0
- Keno tax	13			
- other		2	9	7.7
- <b>Total gambling taxes and levies</b>	<b>886 (9.4%)</b>	<b>405 (12.5%)</b>	<b>1,609 (9.1%)</b>	<b>1,651.9 (12.34%)</b>
<b>Total Taxation Revenue</b>	<b>9,552 (100%)</b>	<b>3,243 (100%)</b>	<b>17,562 (100%)</b>	<b>13,382.9 (100%)</b>

Source: compiled by the author from:

- \*Queensland p. 71 Budget Strategy and Outlook 2008-09 Budget paper 2, Table 5.2  
5 includes community benefit levies
- \*\*South Australia treasury Budget Statement 2007-08, paper no 3 Table 3.6 p. 3.10
- \*\*\*New South Wales Budget Statement 2007-08 Table 3.5 pp. 3-18-19
- \*\*\*\*Victorian Budget Paper 4 Statement of Finances; Note 2 Taxation: p. 43

This reliance is cause for concern at a national level.

### **(3) The justification for Commonwealth intervention**

Another consideration is the need to address considerable cost shifting from state governments (which allow unsustainable levels of EGM losses) and costs incurred by the Commonwealth in treating the impact of gambling; for example in the area of **Medicare subsidised GP visits**.

A survey conducted by SACES (2006 as part of the WA Victoria community impact study found that Victorian GPs are four times more likely to identify patients who present with issues associated with problem gambling than their counterparts in Western Australia (ie Victoria 17.7% compared with WA 4.3%) (SACES pp. 116-120). (As part of this comparison it is important to note that EGMs in WA are constrained to the casino and that problem gambling as reflected in prevalence rates are lower in WA (0.7%) than Victoria (2.14%) (Productivity Commission 1999). Cost shifting via Medicare-funded general practitioner visits of this magnitude indicates considerable costs to the Commonwealth and a clear justification for intervention.

There are other examples of states cost shifting to the Commonwealth in relation to gambling impacts such as expenditures on Indigenous financial counselling (given considerable Indigenous involvement in problem gambling in the NT and Alice Springs casino) The SACES study found that ‘the proportion of clients with gambling problems attending financial counselling was 34 percent in the “EGM state” of Victoria and South Australia compared to 20 percent in Western Australia’ (SACES 2006, p. v).

The Bill has the capacity to address concerns at a national level regarding:

- EGM machine numbers: The national impact of 200,000 machines outside casinos;
- State governments’ reliance on gaming tax (losses) revenue and the inefficacy of state government harm minimisation measures as demonstrated by growth in revenue;
- The impact of current state-based licensing arrangements on detrimental social and economic community impacts of gambling, especially the concentration of machines in disadvantaged areas and regional cities and towns and the lack of sustainability of current gaming industry/government regulatory arrangements;
- The type of machines being used and their features that lack adequate consumer protection (see Australian Institute of Primary Care 2006; Livingston and Wooley 2008);
  - Safety concerns with gaming products (Livingston and Wooley 2008);
  - Industry CSR and host responsibility issues and the lack of transparency of industry information eg venue based revenues and the use of casino loyalty schemes to target problem gamblers;
  - Issues related to compensation for clubs which need to identify new and more sustainable revenue raising strategies;
  - Issues related to requiring gambling industry to demonstrate performance on host responsibility and CSR as part of a licence to operate (in the broadest sense of meeting the needs of community stakeholders).

Corporate Social Responsibility (CSR) has been the focus of several Australian parliamentary enquiries and has come to encapsulate companies’ obligations to a wider range of stakeholders than shareholders (eg the Parliamentary Joint Committee on Corporations and Financial Services 2006). With appropriate amendments, the Bill could incorporate CSR reporting and host responsibility into corporate reporting obligations of gaming operators under national requirements linked to the administration of the Poker Machine Harm Reduction Transition Fund and including casinos and destination gaming venues or ‘racinos’.

Other jurisdictions have adopted CSR regulatory approaches aimed at consumer protection as part of corporate social responsibility and licence to operate. **Switzerland**, as part of their licensing requirements has required casinos to actively identify and prevent problem gambling since 2000<sup>2</sup> and, more recently, **New Zealand** and **Britain** have taken proactive steps. In New Zealand, statutory requirements under the *Gambling Act 2003* (section 3) which took effect from 1 July 2004, require gambling providers to develop a policy for identifying problem gamblers and 'take all reasonable steps' to implement the policy to identify actual or potential problem gamblers, provide information and advice, issue exclusion orders (even to those who do not identify themselves as problem gamblers but about whom staff continue to have concerns and refuse to permit excluded persons into gambling areas during the period of the exclusion<sup>3</sup> (Gambling Commission New Zealand).

In **Britain**, the *2005 Gambling Act and Code of Practice* operative from September 1 2007, (Section 2.3) requires licensees (hosts) to 'take all reasonable steps to provide information on how to gamble responsibly and help for problem gamblers '(Gambling Commission 2007). Section 2.4 requires Licensees to 'put into effect policies and procedures intended to promote socially responsible gambling', which must include specific policies and procedures in relation to 'a commitment to and how they will contribute to research into prevention and treatment of problem gambling', 'to public education on the risks of gambling and how to gamble safely' and 'how they will contribute to the identification and treatment of problem gamblers' (Gambling Commission 2007, 27).

**Holland Casino**, the sole national government casino operator in the Netherlands, has implemented a Visitor Registration System, an Incident Registration System (with prompt detection of possible problem gamblers based on frequency of visits and on the floor observation) and a CCTV system of up to 250 cameras per casino (Holland Casino 2007).

Notably, the Saskatchewan Gaming Corporation (SGC) in response to criticism from insurance underwriters related to the visibility of problem player behaviour

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<sup>2</sup> On April 1, 2000, the new Federal Law on Games of Chance and Casinos (Bundesgesetz über Glücksspiele und Spielbanken, 1998) came into effect in Switzerland to improve the regulation and management of casino operations across the country. The new law required casinos to actively participate in the identification and prevention of problem gambling (Article 27), as well as contribute to support services designed to for identification and assistance to those involved in excessive gambling (Article 28) (see <<http://www.admin.ch/>> for information on Swiss legislation).

<sup>3</sup> The New Zealand Gambling Act 2003 sections 308-312 imposes specific requirements on gambling providers in relation to identifying problem gamblers under Exclusion Standard Operating Procedures. Three means of identifying actual or potential problem gamblers include: casino staff's use of the 'casino signs' for problem gambling', third party notifications and self identification (Department of Internal Affairs 2007).

in loyalty club tracking data, engaged Schellinck and Schrans to use player tracking, identification of problem gambling and loyalty database analysis, to develop a paradigm to identify risk for problem gambling using the information typically gathered by casino loyalty systems. In 2005 they used this technique for Saskatchewan Gaming Corporation (SGC) to produce models for two casinos operating in the province; Casino Regina and Casino Moose Jaw. These models identify high risk and problem gamblers at the 90+ percent confidence level as measured by Problem Gambling Severity Index (PGSI). The models developed by Schellinck and Schrans were subsequently incorporated into the iCare Responsible Gaming Program jointly developed by iView Systems and SGC.<sup>4</sup> In January 2006 the iCare Program was implemented at the two casinos in Saskatchewan, Casino Regina and Casino Moose Jaw and has proven to be effective in identifying high risk gamblers for targeted intervention. The system is fully integrated into SGC's customer care and accepted by staff and patrons with over 1,600 customer interventions to-date. In the first year of operation, analysis of SGC interactions with high risk identified players indicated a statistically significant reduction in players moving to higher risk levels and an increase in players moving from high to lower risk levels (personal communication).

Other systems such as that produced by Techlink Entertainment<sup>5</sup> in Nova Scotia include machine based features that allow players to monitor expenditure, set money limits or self-exclude while tracking and storing player information that can be used to assess impacts for player behaviour and game outcomes including identification of risk (Hancock, Schellinck and Schrans 2008).

International research has clarified the efficacy of venue managers adopting host responsibility and practical ways of identifying problem and at risk gamblers and of intervening as part of host responsibility expectations of a licence to operate (Alcock 2002; Kalajdzic 2007; Sasso and Kalajdzic 2007; Schellinck and Schrans 2004; 2005; 2007; Hancock, Schrans and Schellinck 2008)

#### **(4) The need to amend details regarding the Trust**

The Bill Part 4 outlines establishment of a Transition Fund. Membership of the Board and the Board need to be independent of government and the gambling industry (as outlined by the Productivity Commission 1999); and the application of the tax needs to incorporate the responsible gaming, host responsibility and CSR obligations of casinos and destination gambling venues. How this could work can be elaborated.

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<sup>4</sup> Refer to the iCare Responsible Gaming Program at <http://www.icaregaming.com/>

<sup>5</sup> Refer to Techlink Entertainment Responsible Gaming Device (RGD) program at <http://www.techlinkentertainment.com/html/rgd.php>

**I thank the Committee for its attention to this submission and I look forward to further discussing these and other relevant matters when the Committee calls witnesses.**

**Assoc. Prof. Linda Hancock.**

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